

The original documents are located in Box 8, folder “Contractors (Minority), 1969-1974 (1)” of the Stanley Scott Papers at the Gerald R. Ford Presidential Library.

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8A PROGRAM

8A GOALS SET BY FEDERAL PROCUREMENT TASK FORCE \$142,000,000
(FY 70 and 71)

COMPLETED BY END OF FY 71 20,000,000

REMAINING \$122,000,000

STAFF REQUIRED (FIELD & WASHINGTON) 357 EMPLOYEES
(TO PERFORM ALL TASKS-MANAGEMENT &
TECHNICAL SUPPORT AS WELL AS
CONTRACTING)

NUMBER OF CONTRACTS TO REACH GOAL 5,000
(PRIME & SUB)

DECREASE IN STAFF MUST RESULT IN PROPORTIONATE DECREASE IN GOALS.

FOR EXAMPLE, IF WE MUST HOLD TO 118 STAFF ALLOTMENT (IN BUDGET),
GOALS MUST BE REDUCED TWO-THIRDS OR TO \$40,000,000. (ABOUT 800
CONTRACTS).

8 DOD June 30

4 CSA --

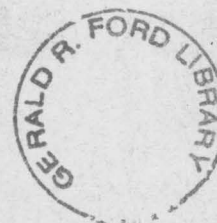
1 VA --

1 LABOR

1 COMMERCE

1 INTERIOR DETAIL UP

600 S.B. specialist



406 GRANTS

Granted

Zion Non-Profit Charitable Trust	\$ 314,000.00	
Arcata Management	143,750.00	
National Business League	483,992.00	
Menswear Retailers Association	119,416.40	
Transfer of \$100,000 to EDA to assist in funding NBL	<u>100,000.00</u>	
		\$1,161,158.40

To Be Processed

Match Institute	200,000.00	
Capital Formation	125,000.00	
National Economic Development Assn.	329,380.00	-DISREGARD CROSS OUT
South Carolina University	<u>109,904.00</u>	
		\$ 564,284.00 764,244.00

For Possible Refunding

Mayor's Econ. Dev. Cte. (MEDCO)	41,250.00	
Puerto Rican Comm. Devel. Corp.	65,000.00	
PACT, Inc.	143,216.00	
BASC	95,441.00	
Kansas City BEU (ACT Team)	25,030.00	
Philadelphia Urban Coalition (ACT Team)	24,920.00	
Washinton BEU (ACT Team)	<u>25,000.00</u>	
		<u>419,857.00</u>
		<u>\$2,145,200.40</u>
		2,345,297.40



Recommendations

<u>FIRM LOCATION</u>	<u>AREA OF COVERAGE</u>	<u>ETHNIC COMPOSITION</u>	<u>FUNDS REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
Nellum, Washington Chicago, Miami	Nat'l and/or NW, MA & SE	Black	\$254,000	\$150,000
Checci, Washington	Nat'l and/or Eastern U.S.	White	\$204,600	\$150,000
Plan Resources, N.Y.	N.E., N.Y.	Blk/multi-race	\$322,055	\$250,000
System Mgmt. Assoc. Norfolk, Va.	S.E.	Black	\$299,900	\$125,000
Roy Littlejohn, Washington	M.A., S.E.	Black	\$474,000	\$125,000
J. Cameron Wade, Chicago	M.W.	Black	\$232,000	\$125,000
Rouse & Assoc., Chgo.	K.C., R.M., M.W.	Black	\$541,798	\$175,000
Mark Battle Assoc. Washington/L.A.	S.E., S.W., P.C.	Black	\$ 75,890	\$125,000
M.I.T.E. Corp., Oakland, Calif.	P.C., N.W., R.M.	Mex-Am	\$223,750	\$125,000
Payne & Maxie, San Fran.	P.C., N.W., R.M.	Black	\$196,380	\$125,000
Sullivan, Phila.	MA & Other	Black	\$494,855	\$250,000 (\$314,000)-Already Received
Associated Management Consultants, Houston	Texas	Mex-Am	\$113,600	\$ 75,000
Urban East		Black	\$300,000	\$125,000
Amer. Indian Consultants or Firm with experience working with Indians				\$ 75,000
				<u>\$2,000,000</u>

JACK CRAWFORD HAS RECOMMENDATION

ART'S RECOMMENDATION * 675,000



VA contracts \$2.5 million supplies from black firms

WASHINGTON — The Veterans Administration has contracted or is in the process of negotiating for some \$2.5 million worth of goods and supplies from

line requirements which must be met for their participation.

* * *
The VA also is cooperating with minority worker

agencies with a high minority employment percentage. Johnson said that of the 146,523 full-time VA workers, nearly 30 per cent (for about 44,000) are from mi-



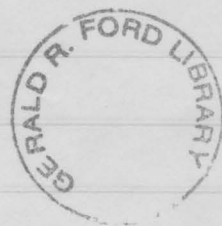
~~file~~
contacts

Atty. Samuel R. Pierce, Jr.
2225-5th Ave. NYC

Atty Curtis C. Crawford
4831 Marguerite
St. Louis, Mo. / 314-3823803

Dr. J. H. Jackson

Business - C. W. Gasque
V.P. - Amer. Sec. & Trust



Contractors

BLK Group, Inc.
1346 Connecticut Avenue, N. W.
Washington, D. C.

Proposals Bid on With Government Agencies

RFP

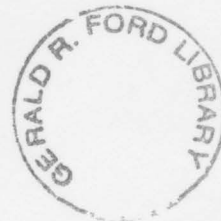
Department of Labor MAPE - 902 MAPE - 903

Department of Health, Education and Welfare 69-28

Department of Housing and Urban Development H-52-69

Office of Economic Opportunity, CAP 9184; MA-69-20; MA-69-15; CAP-9135

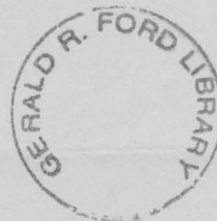
Dictated by Mary Ragsdale 659-1584



Procurement Officer

SACAPS

1. Automation of Management Information for Storage and Retrieval; United Planning Organization
No Number
2. Study and Development of an Automated Personnel Reporting System; Department of Transportation
DOT-OS-89-131
3. Programming Service; U.S. Navy
N00600-69-R-5081



*General Corp.
n.j.*

KOBA

1. Evaluation of Selected Senior Opportunities and Services Programmed (with Opportunity Systems)
RFP CAP-9134 - *Contract awarded to KIRSCHNER & Co.*
2. Operation of Orienting Center and Remedial Educational Center; Department of Labor
UPO
3. An Evaluation of Washington Parent and Child Center (with Opportunity Systems)
UPO

MATCH INSTITUTION

1. Technical Assistance to Title III-B Grantees Involved in Cooperatives, Credit Unions, Small Business and Related Economic Development Projects for Migrant and Seasonal Farm Workers; OEO
RFP #9115 - *Contract awarded Cheschi & Co.*
2. Technical Assistance for Special Impact Programs
RFP CAP-9140 *OEO - Jeff Faury*
3. Development and Implementation of a System for Monitoring the Ten (10) Title I-D Programs; OEO
RFP CAP-9141 *Evaluation is complete. Is being negotiated with William Livingstone & Co.*
4. A Survey & Study of Minority Group Building Contractors & Subcontractors; HUD
RFP #H-52-69

*Harold - Boston
Harold
McCloughry*

GEORGE WALKER

1. Study and Development of an Automated Personnel Reporting System; Department of Transportation
DOT-OS-89-131
2. Development of a Health Service Utilization Projection Model for Neighborhood Health Centers; (Subcontractors for Systemedics, Inc.); OEO
CAP-9145 - *Contract awarded Control Systems Research. ready for mailing.*

GEORGE WALKER (Cont'd)

- ✓ 3. Investigation and Development of a Centralized Information Exchange System in Five (5) Selected States; (Affiliated with Universal Consultants, Inc.); OEO

IC70-008 — *being evaluated. Will be negotiated in 1970 fiscal 1970 funds*

CURBER ASSOCIATES

- ✓ 1. Development and Implementation of a System for Monitoring Ten (10) Title I-D Programs; OEO
RFP CAP-9141

- ✓ 2. Special Utilization and Technical Assistant in Support of Special Impact Programs Title I-D; OEO

RFP CAP-9140 — *Evaluation completed. Being negotiated*

ROY LITTLEJOHN ASSOCIATES

- ✓ 1. Title III-B Grantee: Migrant Workers; OEO
RFP #9115

- ✓ 2. Milestone Coop and Beef Project; OEO
RFP #9190 — *Awarded to Roy Littlejohn Assoc. ready for mailing*

- ✓ 3. Economic Development Technical Assistance to Title II
CAP/OEO

RFP #9193 — *evaluation completed. Being negotiated — Roy Littlejohn Sam Harris*

4. Orientation Program -- Basic and Remedial Education Program; Department of Labor
UPO

5. Survey and Study of and Reports on Minority Groups Building Contractors and Subcontractors; HUD
RFP H#52-69

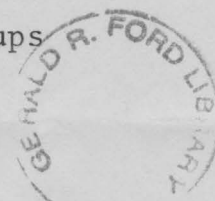
SAM HARRIS ASSOCIATES, LTD.

1. A Survey & Study of Minority Group Building Contractors & Subcontractors; HUD
RFP H#52-69

- ✓ 2. Management Assistance to Neighborhood Groups: Project Manage; OEO
RFP CAP-9146 — *being evaluated*

- ✓ 3. Technical Assistance to Title III-B Grantees Involved in Cooperatives, Credit Unions, Small Business and Related Economic Development Projects for Migrant and Seasonal Farm Workers; OEO
RFP #9115

4. Job Creation Planning and Development Project; Subcontract



Tom Loyals

SAM HARRIS ASSOCIATES, LTD. (Cont'd)

Economic Dev.

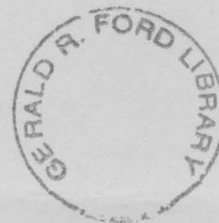
SEEP
Norfolk

finding jobs

not at this time

to Southeastern Tidewater Opportunity Program at the Request of
Washington Regional Office of the Manpower Administration (DOL).

✓ 5. Title II Grantees for Technical Assistance and Support
of OEO/CAP Economic Development Program; OEO
RFP # OEO-9193



THE WHITE HOUSE
WASHINGTON

ROUTING SLIP

DATE _____

_____ ROBERT J. BROWN

_____ BRUCE RABB

_____ THADDEUS WARE

_____ ROSALEE DANSAN

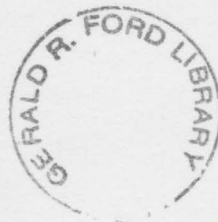
_____ LUCY HARRIS

✓ _____ ROSEMARY MANARIN

ACTION:

*make
file*

*Monthly
Reports on
Minority Contracts*



Position Paper on the Major Issues Confronting Minority Contractors in America

The minority contractor has been kept outside of the mainstream of America's construction industry for so many years via the subtle route of economic discrimination. The normal course of migration through the structure, predominately controlled by the Unions, have excluded the minority entrepreneur from this billion dollar industry. By verture of being kept out of the Unions minorities have not been able to obtain the technical expertise to sustain them on major projects in the industry.

In spite of the sometime unsurmountable odds, many minority contractors have obtained the necessary skills to be successful in the industry. It is a known fact that given the opportunity a qulified entrepreneur can operate at a breakeven point within a year if adequate markets are available and readily identifiable in both private and Federal segments of the industry; and, with the exception of a few skills, qualified employees can be trained within a year, generally right on the job.

Capital

Consequently, it is imperative that the Federal sector take the lead in making opportunities, resources, and assistance necessary for viable participation by minorities in the construction industry. Therefore, examination of the most crucial areas in need of support appears to be in order. One of these areas is capital.

Initially we might begin to define the capital needs of minority contractors as:

- a. Working capital
- b. Equity capital
- c. Long term financing.

The inability to obtain working capital or a line of credit from banks, material suppliers, and others, has been one of the prime reasons for lack of development of minority construction firms. The ability to obtain ready capital would, in part, solve the bonding problem. The fact of the matter is the bonding companies look at the front end requirement as one of the indications of whether the job can be successfully completed. Therefore if the contractor can finance or obtain financing of the job to the draw stage, and he has the technical know how, or can obtain it, he stands a good chance of completing the job. To identify existing sources of capital one might begin as follows:

- a. S.B.A. - 7(a) and 8(a) loan guarantees at 90%.
- b. S.B.A. line of credit guarantee



- c. MESBIC's and SBIC's
- d. Model Cities
- e. OEO - 1(d)Funds
- f. Commercial banks acting alone and in pooling arrangements to share the risk
- g. Insurance companies as guarantors and providers of interim financing
- h. Foundations as guarantors
- i. Large corporations through debentures arrangements

Specific recommendations as to ways to generate capital for minority contractors by way of Federal interagency actions are as follows:

- a. Deposit federal accounts only in those banks which have been adjudged as cooperative in loaning to minorities.
- b. Provide incentive to foundations for them to deposit their accounts in Black banks or as guarantees for Black contractors. This could stem from the federal regulation of foundations.
- c. Provide incentive for insurance companies in the same manner.
- d. Encourage and provide incentive for religious orders to make guarantees and deposits for minority contractors.
- e. Encourage majority corporations in the construction field to spin off minority firms; create joint-ventures and consortiums of Black firms by providing federal contracts to those firms that do so.
- f. By utilizing sources in OEO, EDA, AEC, TNA, VA, HUD, SBA, NASA, GSA, DOT, HEW, POD, DOD, Commerce, and others to activate same.

Operation Breakthrough

The Department of Housing and Urban Development through its many construction assistance programs can provide adequate markets for participants minority contractors. The following guidelines for "Operation Breakthrough" could be very instrumental in minority contractors development:

Operation Breakthrough represents one of the brightest concepts for solving the crucial housing problem developed in this country to date. It is apparent, however, that minority groups will not, at this writing, participate significantly in this new technology. The breakthrough in new, imaginative union relations that are possibly here is only one of the pluses for minority involvement. Operation Breakthrough offers a chance to innovately perpetuate minority entrepreneurship. To create a few "Black Economic Royalist" this country needs so badly to bolster the image of minority enterprises.

If minorities are to really "get a piece of the action" it will be through emerging new technologies such as those represented by Operation



Breakthrough that will provide this chance to participate in the mainstream of the construction industry. If the country is to produce the 26 million housing units within the next 10 years it will have to utilize the human and entrepreneurial resources in the minority community.

If there is to be acceptance of this new technology in the minority community, where the majority of this housing will ultimately be built, they will expect to participate in a significant way. It has been vocally expressed by those in minority communities that they, "want participation on all levels of the program" and ownership of the plants, managerial and technical positions, and of course craftsmen.

From this, several observations can be made --

- * This is an emerging technology that offers a chance for the auspicious involvement of minority enterprise at the ground level.
- * Entrance to this industry with its ready market will almost assure success.
- * An opportunity to develop some substantial minority enterprises.
- * A chance to demonstrate the affirmative action of Sec. 3 of 1968 housing act.
- * Also allows H.U.D. to package management assistance emphasizing systems and procedures, etc. that will offer hope to minority business enterprise.

Ways to involve and insure participation by minority groups in Operation Breakthrough --

1. Try to accept qualified bids from minority firms applying for part one of the program at all levels.
2. Try to encourage the inclusion of minority firms in the consortiums.
3. Try to include these firms in demonstration cities that have a potential for continuing production over long range period.
4. Try to use the auspicious of OMBE to bring about successful ventures of minority and majority companies.
5. Try to direct all program assistances possible to accepted minority firms.



6. Try to share with OMBE the list of sites - selected and rejected - as well as the names and addresses of those minority firms - selected or rejected.
7. Try to encourage companies selected to use minority subcontractors and indigenous residents in the production of housing.

Model Cities

The Model Cities program has the objectives and if utilized should bring about minority contractors participation in all segments of its programs:

- a. To provide residents with a stake in arresting the social, economic, physical and political blight in the community.
- b. To initiate a stabilization process by narrowing the gap between community problems and the fiscal and human resources available to solve them.
- c. To bring together existing and proposed groups through coordination, competence, complimentation, and communication.
- d. To enable funding leverage and generate local share for federal and state programs.

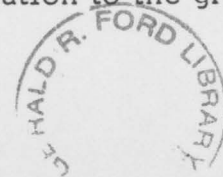
Several model cities programs have been developed that specifically involve minority contractors in initial proposals. One such city is Philadelphia, Pennsylvania. The following represents the Philadelphia model cities programs effort in this area:

CONTRACTOR TRAINING AND ASSISTANCE PROGRAM

I. Purposes and Beneficiaries

The General and Specialty Contractors Association of Philadelphia, Inc. has been incorporated under the Non-Profit Corporation Law of Pennsylvania, as an association of minority contractors in the building construction field whose aims are as follows:

- (a) To provide management and technical training to minority contractors so they can perform successfully in Model Cities building programs.
- (b) To train minority journeymen in the skills necessary for contracting and to aid and encourage them in setting up their own contracting firms, thereby increasing the number of minority contractors capable of performing in the Model Cities area.
- (c) To upgrade the skills of minority craftsmen in construction trades, thereby increasing their earning power and their contribution to the growth of their communities.



(d) To train hard-core unemployed or under-employed individuals who are residents of the Model Cities area in an apprentice training program.

(e) To help minority contractors with bonding and working capital problems, so that they can successfully bid and perform on construction contracts in the Model Cities area.

(f) To encourage and facilitate minority contractors in joining together into combined firms to negotiate and perform large building projects.

II. Scope and Contents

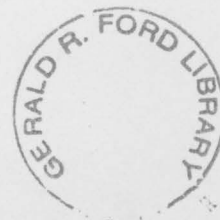
Subject to the terms and conditions of a contract to be negotiated with Model Cities Administrator, GASCAP will carry out the following activities under this project:

(a) GASCAP's staff will set up and administer a Training Program in Entrepreneurship. This program will determine the needs of minority contractors in technical or management areas, and will establish courses and other assistance that will meet these needs. The staff will also seek out others in the community interested in becoming construction contractors and will provide them with the training, guidance, and financial help needed to reach their goal.

(b) GASCAP's staff, with the assistance of the Labor Department's Bureau of Apprenticeship and Training, will set up and administer a formalized Apprentice Training Program. This program will include on-the-job training and classroom instruction and will be conducted in cooperation with the Philadelphia School Board. This program will insure entrance into the construction field to minority youth, and will provide minority contractors with a pool of skilled journeymen.

(c) GASCAP's staff will set up and administer a Pre-Apprentice Training Program funded principally by the U.S. Department of Labor under the MA-4 JOBS Program. This program will employ and train 100 hard-core unemployed or under-employed men from Model Cities areas. At the end of their one-year training period, which includes on-the-job and classroom training, these pre-apprentices will graduate into GASCAP's regular Apprentice Training program described in (b) above. No Model Cities funds will be required for this aspect of the program.

(d) GASCAP's staff will administer a Financing and Bonding Program for minority contractors. A \$500,000 revolving fund will be loaned as working capital loans to minority contractors so they may adequately finance their operations and meet bonding requirements.



(c) GASCAP's staff will survey the local construction field and will encourage and facilitate minority contractors to participate in all areas of construction in Philadelphia, especially areas where their participation now is limited, such as public work for the School Board, for the City of Philadelphia, for the State and for the Federal government; and also larger jobs in the private sector. GASCAP will also encourage full participation in all construction in the Model Cities area.

III. Timetable

The following timetable is approximate, and will be moved slightly forward or back dependent on funding.

(a) Administrative staffing shall begin in June, 1969 and shall be completed in August, 1969.

(b) The Pre-Apprentice Training Program will be staffed in June, 1969, and the first trainees will be employed in August, 1969.

(c) The Apprentice-Training Program will be established and staffed in September, 1969.

(d) The Training Program in Entrepreneurship and Technical Assistance will be staffed in August and September, 1969 and will be operational in October, 1969.

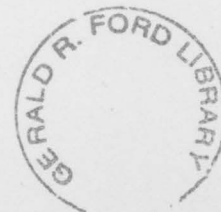
(e) The Financing and Bonding Program will be staffed in July and August, 1969, and the entire revolving fund should be available by September, 1969.

By the end of Year 1, all programs should be well along. The Pre-Apprentice Training Program, which is an eighteen month program, should be approximately half complete. All other programs are continuing programs.

IV. Administration and Organization

GASCAP, the delegate agency, is organized as a non-profit corporation under the laws of Pennsylvania. It is governed by a Board of twelve (12) Directors, ten (10) of whom are elected by GASCAP members, and two (2) of who are designated by North City Area Wide Council, Inc.

The Board of Directors, operating within the limits of GASCAP's By-Laws and Articles of Incorporation, will do all things necessary to achieve the goals of GASCAP.



At the head of GASCAP's staff will be a Business Manager. This Business Manager will have 20 years or more experience in the construction field and will be familiar with all phases of the construction business, including estimating, bidding, buying, job management, job cost records, accounting and contracts. With an assistant, he will have overall supervision of GASCAP's staff and will be responsible to the Board of Directors for the business-like operation of the staff and all programs. The Business Manager will employ, with the approval of the Directors, such staff as he needs, including engineers, architects, bookkeepers, clerks, instructors, etc.

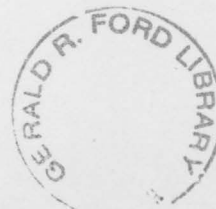
GASCAP will set up an Advisory Committee of community and business leaders, to which committee it will look for counsel and guidance. The Model Cities Administration, the Area Wide Council, and other agencies and businesses will be urged to accept our invitation to join this committee.

V. Evaluation

The staff of GASCAP will set up and administer the systematic evaluation of each program, and to report the results of such evaluation to GASCAP's Board of Directors. The Board will also make these evaluation reports available to any government department or agency interested in the progress of GASCAP's programs, and these reports will be sent at regular intervals to the government department or private agency directly involved in a particular program or program phase.

Such evaluation can be based generally on the following criteria:

- (a) The growth in volume of a participating contractors sales.
- (b) The skill levels attained by Pre-Apprentice Trainees after each 3-month training period.
- (c) The skill levels attained by regular apprentices after each year of apprenticeship training.
- (d) The number of new minority contractors helped into business by GASCAP, and the volume growth of these new contractors.
- (e) Quarterly reports on the Financing and Bonding Program including amounts loaned and jobs secured by member contractors because of program.
- (f) Growth of participation by minority contractors and craftsmen in Model Cities building programs, in School Board building programs, and in other private construction.



VI. Citizen Participation

The majority of minority contractors, craftsmen, and apprentices residing in Model Cities area. As these citizens participate in, and benefit from, GASCAP's various programs, the Model Cities area will be represented.

Residents of Model Cities area who are contractors are urged to join GASCAP and participate in planning and administering GASCAP's programs; those who are interested in becoming contractors are urged to participate; those interested in learning a construction trade are urged to join these training programs. Other interested citizens are urged to join with the Area Wide Council in representing the community on GASCAP's Advisory Committee. It is GASCAP's intention to work closely with the community and to be responsive to the needs and desires of the community.



Attachment 2B

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Budget for Supplementary Grant Activity

This form is to be used as a budget for each activity (including relocation) funded under Section 105 of Title I of the Demonstration Cities and Metropolitan Development Act of 1966

1. NAME OF CDA

Philadelphia, Pa.

2. BRIEF DESCRIPTIVE TITLE OF ACTIVITY

CONTRACTOR TRAINING AND ASSISTANCE

3. NAME, ADDRESS AND ZIP CODE OF OPERATING ENTITY

GENERAL AND SPECIALTY CONTRACTOR ASSOCIATION OF PHILADELPHIA

4. TYPE OF ENTITY - Is the entity a (CHECK APPLICABLE BOX OR BOXES):

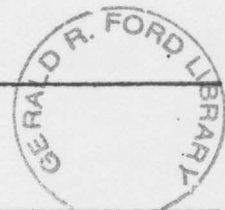
☐ City Department ☐ Public Agency ☐ Nghbrhd-based
☒ Private (Nonprofit) ☐ Priv.(Prof Mkg) ☐ Other(Specify)

5. PREVIOUS APPLICATION - Has this activity, in substantially its present form, ever been the subject of a previous application for Federal financial assistance?

☐ YES ☒ NO If "YES", attach an explanatory statement.

6. MAINTENANCE OF EFFORT - Any activity which is an extension to the Model Neighborhood or an upgrading of existing services must be accompanied by an explanatory statement which shows that the extension or upgrading being funded by this budget is an addition to and not a substitution of local efforts.

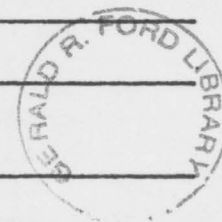
7. METHOD OF ALLOCATION - If cost is to be shared by others add an explanatory statement which identifies the sharing entity (or entities) and the method of allocation.



8. BUDGET

2

CONTRACTOR TRAINING AND ASSISTANCE		C. MCA SHARE (If cost is being shared with others)
A. COST CATEGORY	B. ESTIMATED COST	
(1) PERSONNEL	140,000	
(2) CONSULTANTS AND CONTRACT SERVICES	30,000	
(3) TRAVEL	3,000	
(4) SPACE	4,000	
(5) CONSUMABLE SUPPLIES	3,500	
(6) RENTAL, LEASE, OR PURCHASE OF EQUIPMENT	5,000	
(7) OTHER:	514,500	
TOTAL	700,000	



9. APPROVAL

A. _____
Signature and Title of Authorized HUD Official

B. _____
Date

HUD-7041 (10-68)

B IV 11-b

Personnel

Budget Justification

-12-
U

1. NAME OF CDA - Philadelphia, Pa.
2. BRIEF DESCRIPTIVE TITLE OF CAPITAL PROJECT OR ACTIVITY
CONTRACTOR TRAINING AND ASSISTANCE
3. NAME, ADDRESS AND ZIP CODE OF OPERATING ENTITY
General and Specialty Contractor Association of Philadelphia
4. DESCRIPTION OF ITEM AND BASIS FOR VALUATION

OR VALUE
OF ITEM

(2) Consultants

Attorney Fees	\$ 2,500
Accountant Fees	2,500
Engineers Fees	2,500
Architectural Fees	2,500
Instructors Fees	20,000

30,000

(3) Travel

3,000

(4) Space

Office space for 11 staff members

4,000

(5) Consumable Supplies

3,500

(6) Equipment

Office furniture and equipment

5,000

(7) Other

Mailings	1,000
Telephone	1,500
Insurance, Etc.	12,000
Revolving Loan Fund	500,000

514,500



HUD-7042 (10-68)

Training

Training for minority craftsmen has always been a crucial area of concern for the minority contractor. The present manpower utilization system prevailing in the construction industry makes it next to impossible for the minority contractor to maintain an adequate efficient work force. There has to be some major institutional reform of the system. New methods of recruitment, training, and referral have to be developed and implemented. In view of the requirements of many Federal programs to provide economic opportunities for low income residents of the area and the needs of the industry for greater numbers of trained workers, the government cannot continue to sit idly by and see persons over 27 who are the victims of inferior education be denied an opportunity to become a skilled worker in the construction industry. Whatever alternative system is developed must contain the following three elements:

- (a) Control of the training system cannot be abdicated to the union, or to unions and management. The Government must be an active partner. The training program must also provide for the adequate involvement of majority and minority group general and subcontractors, minority group contractor associations, unions, and minority group communities.
- (b) The Federal Government must make a commitment to share the cost of this expanded training. It cannot expect the employers or the sponsors of the construction project to assume this economic burden. Present Labor Department Manpower programs must be restructured to provide funds for recruiting trainees, providing counselling and related classroom instructions and costs of on-the-job training for the period it takes to develop a journeyman or an individual who can at least perform most of the functions of a journeyman.
- (c) The Federal Government must develop procedures to insure that once a person is recruited as a trainee systematic training opportunities will be available on every federally supported construction project. After the successful completion of a certain number of hours of on-the-job training the trainee would be successively advanced on the pay scale until such time as he receives 100% of journeyman pay. The Federal Government must certify to the competence of an individual completing the training program and require that he be given an opportunity on all construction undertaken by a Federal contractor. These standards should apply regardless of whether or not the individual is a member of a union.



It is only when all of the factors herein outlined are put into effect that minority group individuals can expect to realize equal opportunity in the construction industry.

Those, in summary, are my conclusions and recommendations, Mr. Secretary.

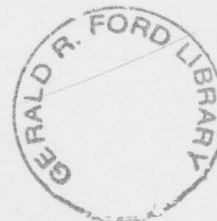
Now, with your permission, I should like to explain the background of the

Bonding

On the issue of bonding we have discovered if we can solve many of the other problems of the minority contractor this will be an easy one to resolve. The mechanism we hope to employ is to involve the surety industry in all phases of the development program. The surety companies and their agents, the surety producers, have basically agreed to work through the mechanism we are attempting to establish in East City. This mechanism would have the following components:

- a. Minority Contractor Association
- b. Local Banking Institutions
- c. Local Education Institutions
- d. Local Surety Agency
- e. Local Federal Inter Agency team.

An example of how this works is illustrated in the Oakland project. Financial assistance was provided through a Ford Foundation grant for administration and a revolving fund; EDA provided funds for technical assistance; and the Labor Department funds for manpower training. These were the essential elements of the program and it gave the surety companies the necessary support to provide bonding. Surety companies have indicated where there is management and technical assistance expertise as well as ample credit lines there will be no problems in issuing bonds.



Legislation

A summary of pending legislation relating to minority contractors are as follows: (It should be noted that S.2610 has been passed and signed into law.)

H.R. - 13843, H.R. - 13844, H.R. - 13845, H.R. - 13846,
S. 2609 - S. 2610 - S. 2611



Summary of Bills

These bills introduced by Rep. Moorehead in the House are basically the same as those introduced in the Senate by Senator Birch Bayh.

H.R. 13843 - This bill would ammend the Housing and Urban Development Act of 1968 to provide more participation in its programs by minority entrepreneurs in firms doing business in the field of planning, consulting, design, architecture, building construction, rehabilitation, maintenance, or repair, which are located in or owned in substantial part by persons residing in the area of such projects.

H.R. 13844 - This bill would authorize the Small Business Administration to guarantee any bid, payment, or performance bond under an agreement entered into by a small business concern which is a construction contractor or subcontractor. Any such guarantee may be made or effected either directly or in cooperation with any qualified surety company or other qualified company through a participation agreement with such company.

H.R. 13845 - A bill to increase the participation of small business concerns in the construction industry by providing for a federal guarantee of certain construction bonds and authorizing the acceptance of certifications of competency in lieu of bonding in connection with certain Federal projects, and for other purposes.

H.R. 13846 - This bill would amend the "Miller Act" of August 24, 1935, to exempt construction contracts not exceeding \$20,000 in amount from bonding requirements of such act, and for other purposes.

Bills H.R. 13291 - H.R. 13292 - H.R. 13293 - H.R. 13294 were also introduced, but are identical to those in the summary.

S.2609 - This bill proposes to increase the participation of small business concerns in the construction industry by providing for a Federal guarantee of

of certain construction bonds and authorizing the acceptance of certifications of competency in lieu of bonding in connection with certain Federal projects, and for other purposes.

S.2610 - This bill would ammend the 1968 Housing and Urban Development Act to provide "employment opportunities for lower income persons in connection with assisted projects." It would provide entry into these projects for minorities and indigenous entrepreneurs and firms in the fields of architecture, design, planning, consulting, building construction, rehabilitation, maintenance, or repair.

S.2611 - This bill would amend the Act of August 24, 1935 -- commonly referred to as the "Miller Act" -- to exempt construction contracts not exceeding \$20,000 in amount from bonding requirements of such act, and for other purposes.

The Office of Minority Business Enterprise should also seek an affirmative program in SBA using 8(a) and 7(a) procedure to provide contracts for minority business.

Urban Coalition

The Ford Foundation, after pioneering in the area of minority contractor development turned its program over to the Urban Coalition to follow through on a national basis. The Coalition in structuring this program have developed the objectives found in the accompany attachment. OMBE's role of coordinating both the private and public sector in this effort of developing minority construction entrepreneurs, is cognizant of the possible overlapping of programs and functions. Therefore we are striving to bring about the best utilization of all possible resources in this area to give all available support to the program.

The goals of the OMBE program, the Minority Contractor Association, various community groups i.e. NACCP, NUL, BEU, the Coalition's "National Minority Contractors Institute" and those of other agencies involve must and should be one in the same. It is evident that all these community resources must be brought to bear if a total program is to evolve.

Management Assistance

One of the crucial areas of moving minority contractors into the "main-stream" of construction industry is to provide them with the necessary management expertise to assure success. For years minority contractors have been regulated to small jobs and excluded from involvement in the total industry.



Consequently, the skills necessary to take on large projects are missing in many of the minority group contractors. This is not to conclude that they are not qualified to do large project, but that they need management assistance to take on many of the large contracts. To provide bookkeeping, record-keeping, estimating, scheduling and other essential managerial expertise. This can best be done through the association structure.

Technical Assistance

This expertise must come from, for the most part, majority firms that are already success in the field. And/or from those who must be hired by the minority firms or associations to perform technical duties within the minority firms. OMBE has made contacts with majority firms in order to obtain their cooperation in providing technical assistance.

Also the use of community colleges and universities to assist with technical expertise is being explored. In Washington we have explored the use of W.T.F. in a program with the Office of State Technical Services to provide the technical capability for minority contractors on ongoing projects that will be designed to include all the elements in a single project.

Examples of technical assistance input by private industry and community educational institutions is evident in Cleveland, Ohio. This project involve Cape Western Reserve University and Turner Construction Company. Over 600 minority contractors participated in the program and as a result several were awarded large contracts.



	Bonding	Revolving Fund and Working Capital (Line of Credit)	Mgmt. & Tech. Assistance (Majority Firms & Comm. Colleges)	Training Programs (Craftsmen and Entre- preneurial)	Association Contacts	Urban Coalition Cities (NMCI)	SBA Act Team Cities
Boston	x	x	x	x	1	*	x
Newark					2		x
New York					3	*	x
Miami					4		x
Richmond					5		x
Washington					6	*	x
Los Angeles	x	x	x	x	7	*	x
St. Louis		x			8	*	x
San Francisco	x	x	x	x	9		x
Oklahoma City					10		x
Dallas					11		x
San Antonio					12	*	x
Cleveland	x	x	x		13	*	
Cincinnati			x		14		
Atlanta					15	*	x
Memphis					16		x
Detroit		x			17	*	x
Chicago					18	*	x
Baltimore					19		x
Philadelphia	x	x	x	x	20	*	x
*Seattle					21	*	
*Pittsburgh					22	*	x
*Winston-Salem					23	*	
*New Orleans					24	*	x
E. St. Louis			x		25		x
Houston			x		26		

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1. Victor Bynoe, Executive Director*
Eric Powell, President **
Contractors Association of Boston, Inc.
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*617-442-4680 **266-7160 452-9817

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2. Ken Peterson, Executive Director
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Newark, New Jersey 07103

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3. Leroy McCrae, Executive Director*
Association of United Contractors of America, Inc.
Henry M. Leak**
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American Associates, Inc.
1871 N.E. 167th Street
North Miami Beach, Florida
Lee Black 305-371-7492
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Miami, Florida

Richmond

5. James F. Gay*
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Rice Roberts, President
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* 703-623-2455

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6. Roscoe Green, President
Washington Area Contractors Association
3903 Georgia Avenue, N.W.
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202-829-3111



Los Angeles

7. John Brown, Executive Director
Los Angeles Association of General, Sub. & Special
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6413 South Vermont Avenue
Los Angeles, California
213-753-2184

St. Louis

8. Arthur Kennedy
Midwest Construction Association
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314-453-4475 533-8388

San Francisco

9. Ray Dones
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10. Ed. Lusero
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Jean Howell
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11. Robert Dewitty, President 214-421-5361
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Dallas Minority Contractors Association
2606 Forest Avenue
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1101 Euclid Avenue, Room 505
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216-696-7650



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15. R. A. Banks, President
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Franklin O'Neal - Project Outreach - Atlanta Business League
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John Bingham**
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18. Paul King, Executive Director
West Side Builders Association
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Chicago, Illinois 60619
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19. Allen Collins
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c/o Council for Equal Business Opportunity
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20. George J. Phillips, President*
Charles Bowser - Urban Coalition**
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*215-SL7-5454 **215-PE5-9401



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206-325-4722

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22. Vernon Simms*
Carl Brown**
Urban League
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Greensboro
High-Point

23. Charles Gadson
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Winston-Salem, North Carolina 27105
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F. W. Murrell
430 West 24th Street
Winston-Salem, North Carolina
919-722-8756

New Orleans

24. Eddie Camese
Amalgamated Builders & Contractors of Louisiana
2138 St. Bernard Avenue
New Orleans, Louisiana 70112
504-943-6691

E. St. Louis

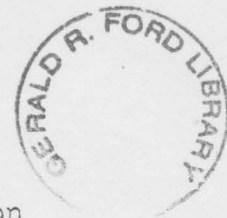
25. Janfrey D. Preston, President
United Black Contractors Association, Inc.
2914 Jefferson
East St. Louis, Illinois 62205
St. Clair County
618-271-2111
Milton Green, Treasurer
1315 Piggott Avenue
618-874-4206

Los Angeles

7. David Argil
Greater Eastside Builders Association
4766 East Floral Drive
Los Angeles, California 90022
213-263-9371

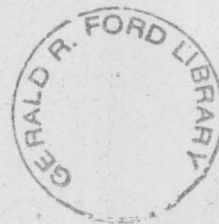
Houston

26. Melva Washington 713-526-5127
Houston Association of General & Subcontractors
Urban League
5417 Crawford Street
Houston, Texas 77004



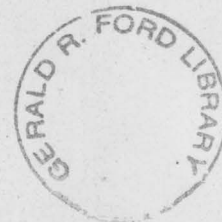
AREA #18 Contractors, Summer Funds 1969

348	Benning Stoddert -----	\$12,942.10
349	Benning Terrace Parents Club -----	\$12,922.10
350	Benning Ridge Civic Assoc. -----	\$20,518.20
351	Capital View Civic Assoc. -----	\$18,917.10
352	Capital View (Beautification) -----	\$8,498.00
353	East Gate Gardens -----	\$7,510.60
354	East Gate Parents & Tenant Council -	\$11,266.10
355	Mayfair, Parkside, Paradise -----	\$41,139.50
356	East Capital Mothers Club -----	\$5,581.00
357	East Capital Mothers Club -----	\$44,964.10
358	Kenilworth Courts Parents Club -----	\$12,788.50
359	Kenilworth Courts Opportunity Coun.-	\$48,277.00
360	Parkside Community Parents Club -----	\$34,428.80
361	Metropolitan Community Aid Council--	\$41,066.50
362	River Terrace Community -----	\$19,036.70
363	North East Boundary Civic Association	\$18,723.70
364	Far East YMCA Community EXT. -----	\$7,209.60
365	Richardson & Deanwood Ten. Council--	\$11,491.10
366	Ward Church -----	\$8,238.00
367	Burrville Civic Association -----	\$8,238.00
369	Tabernacle Bapt. Church -----	\$8,238.00
370	Marshall Heights Civic Assoc. -----	\$8,238.00
371	Lincoln Heights Tenant Council -----	\$11,546.00
372	Civic Betterment Assoc. -----	\$9,238.00
373	Macedonia Comm. Church -----	\$20,529.56
374	Mt. Carmel Community Center -----	\$8,163.00
375	Ft. Davis Improvement Assoc. -----	\$5,581.00



AREA #18 cont. -2.

376 Dupont Park School ----- \$14,575.42
377 St. Luke's Community Parish ----- \$15,327.92
378 NPC #18 Information ----- \$5,020.30
379 Ft. Dupont Association ----- \$11,163.00



Area #18 Conf. 5

3968, 2/28

Mrs Minnie Edwards



would allow them to bid on construction projects. The big jobs pass them by. Black homeowners and real estate investors can't get proper insurance, so they don't get the private or government financing which would enable them to maintain and upgrade their property. Slums are generated and perpetuated.

Freedom Insurance Company

was built on the need of the black community to have vital insurance protection without the inflated prices, the usurious financing rates, the unfair and unwarranted cancellations, wage-assignments and garnishments to enforce unfair contracts: "fringe benefits" that the ghetto insurance establishment designed to increase their profits.

About Associated Brokers. . .

The first office was opened in January 1968 at 7923 Cottage Grove Avenue, Chicago by Jesse (Pete) Shannon and Norman G. Howard. Later the same month they opened a branch in Gary at 1801 Broadway. The original two men were soon joined by Albert T. Clarke, Isaac Sims and Joseph Semper, to form a team with wide insurance experience. ASSOCIATED BROKERS received much favorable press exposure, including a CBS national television news story. By December 1968 the organization had grown to six offices and 56 employees. The confidence and support we have had from the black community is our most important reward.

The organizers of FREEDOM began as ASSOCIATED BROKERS, building a trained sales force and six branch offices. We sold insurance to ghetto people at the lowest possible rates; basic insurance without the frills—without unneeded coverages, "accidental death" policies, special and hidden "fees" or charges, "club memberships". We financed premiums at legal interest rates when needed—no forced financing. We advertised that we are black and committed to fairness for all ghetto people, black or otherwise. Our business volume from the black community grew large enough to form the base for a company. *The black community has built its own casualty insurance company!*

Yes, FREEDOM is YOUR company!

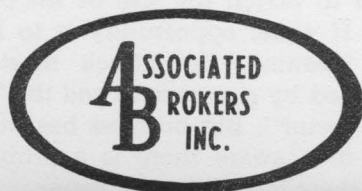
As you continue to build and support FREEDOM by your patronage, the range and variety of its services will grow. More lines of insurance and bonds will be added. The first FREEDOM policies will be automobile insurance, since that is the service most widely needed. The abuses by the ghetto insurance establishment have affected more poor people in auto insurance than in any other line. Soon the businessman and homeowner will also receive the benefit of FREEDOM insurance protection. Those black citizens will then knock with new insistence at the door of opportunity. FREEDOM will have a new meaning in the land of the free.

6 CONVENIENT LOCATIONS

7923 S. Cottage Grove	994-4000
126 W. Chicago Ave.	664-1797
5014 W. Madison St.	626-4733
7 N. Pulaski Rd.	638-4149

1801 Broadway	885-6286
Gary, Indiana	

3808 Guthrie St.	398-6500
East Chicago, Indiana	



FREEDOM's Journal

will be published bi-monthly as a newsletter of insurance information and other consumer topics of interest to our policyholders. We invite contributions and suggestions from our readers.

Our aim is to give better insurance service and we are convinced that the informed client is a better client.

If you have friends you feel would like to be included in our mailing list, send their names and addresses to

FREEDOM'S JOURNAL
7905 Cottage Grove Avenue
Chicago, Illinois 60619

*Freedom is a dream,
an ideal,
a commitment...*

*Freedom is action ...
choice,
responsibility,
participation*

VOL. 1 NO. 1

MARCH 1969



FREEDOM'S
JOURNAL

PUBLISHED FOR THE POLICYHOLDERS OF FREEDOM

7905 COTTAGE GROVE AVE.
CHICAGO, ILLINOIS 60619



Voices from the Ghetto

The cries of minority people in America for equal opportunity, participation in the councils of political power, and other civil libertarian goals have not gone unheard or unheeded. But now the nation listens with greater attention as those cries become demands—for a share in the almost unbelievable wealth of this country—"a piece of the action". We all know the demands are just.

The image of a black American standing in a welfare line is as intolerable to that black as to most whites. Try building pride and self-sufficiency on such a foundation. That citizen needs help.

The ragged edge

We should recognize that most black people are not "on the dole", but not far from it, and struggling to stay off. They live on the ragged edge of poverty almost without hope of escape from the gray and dingy shadows of ghetto life. Some say they lack ambition, energy, motivation and will—so they stay poor. Maybe so, but America is finally facing some positive facts about the efforts to *keep* them poor. The numbers of black poor increase and the ghettos expand. The experts tell us that in a few years, at the rate we are going, most American cities will be over half black. Will their poverty grow at the same rate? These people need help too.

Exposure

The poor have had a lot of attention in studies and investigations, reports and legislation. Diagnosis and prescription, but little treatment. Lately newspapers, television, and magazine feature stories are exposing the ghetto business world and its sordid thievery of the poor. The dramatic conclusions are announced:

GHETTO PEOPLE ARE UNDER-EMPLOYED, UNDER-FED, UNDER-PAID, ILL-HOUSED AND UNDER-EDUCATED!

Gypped, gouged, cheated and abused! They don't need more studies and new commission reports. Every session of Congress gives us new laws and

look what happens:

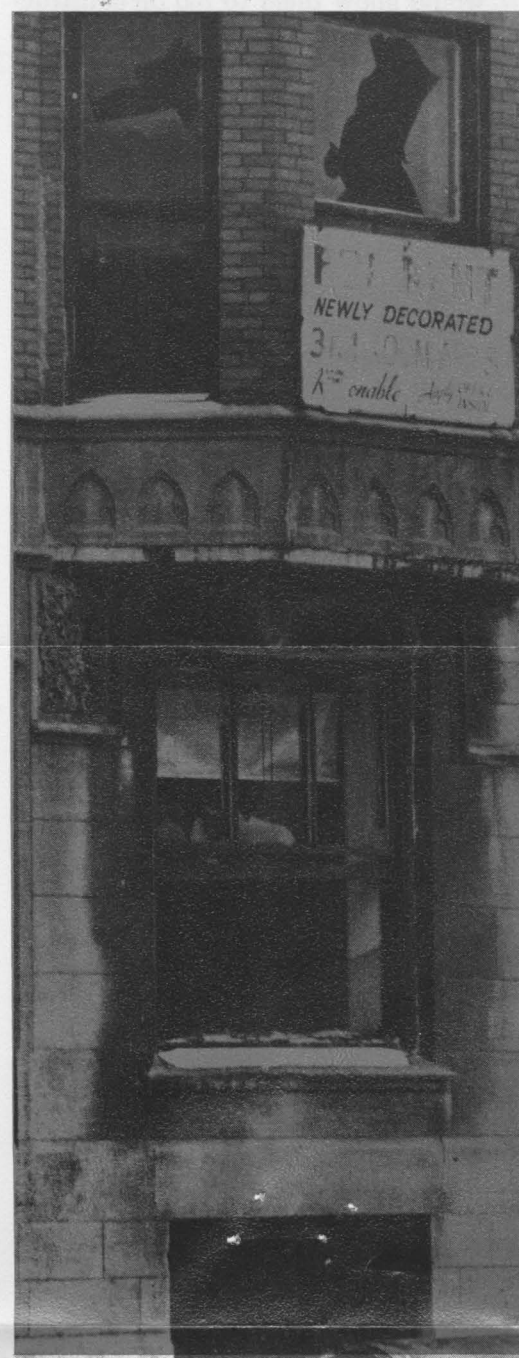


Rates defy U.S. rules

Ghetto insurance gouge!

Van Dalach, martyr

The federal and local governments, in many cases, have taken up the challenge, seeking to expand fair housing standards, provide better health care, and increase the other public services for the poor. These efforts do not begin to match the size of the problem. If equal opportunity is to have any meaning, the attack must be mounted by government and the "private sector". Big business has shown that it is aware there is a problem. Yet, there is still another issue. . .

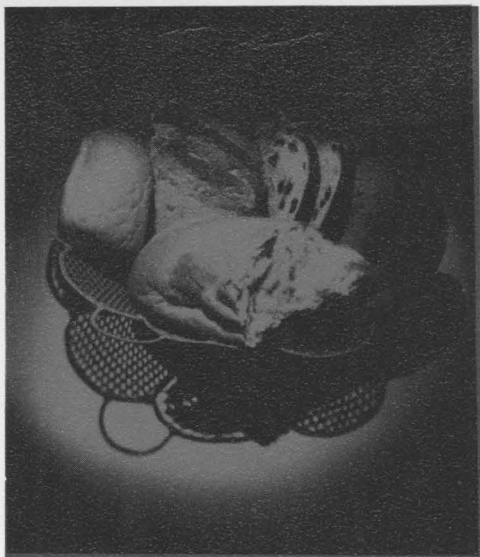


Do-it-yourself attitude

All across the country blacks are realizing that if this yoke of poverty is to be lifted they must do it themselves. They are not waiting for "Great Society" handouts. They are building enterprises in every field of business: banks, factories, stores, services. They are asking the support of the black community and are giving support to that community. Strong businesses provide jobs, training and keep the capital at work "at home", while building black pride. These black people are thrusting the whole nation forward, using Black Power in its best sense. They are building the basket to keep the bread in.



Our money is going on a one-way trip: Outbound to white banks, white investments, white communities. Most blacks are "just getting by" and, compared to whites, are falling behind in income growth. This amounts to shrinking opportunity in a time of an expanding economy. If ghetto people are ever to gain a rightful share in the nation's wealth, they will have to stop the one-way trip their money takes and stop being abused in the marketplace. We must keep the bread we earn in our own baskets.



Photos by Duell Studio



7905 COTTAGE GROVE AVE.
CHICAGO, ILLINOIS 60619

is part of that forward thrust—action in response to the need of ghetto people for a real alternative to the exploitation that has become the rule. We want freedom from the "race tax", the unfair and unethical business tactics that keep the ranks of the poor full to overflowing. We who can serve must do so.

Locked out too

In a very real sense insurance is the key to the "locked-in" condition of the black citizen. Without insurance we cannot get a foot on the economic ladder. The business community demands protection against the risks and hazards that every enterprise must face. Whole lines of insurance protection are denied the ghetto citizen, or priced beyond his reach. Black businessmen, unable to insure themselves against the normal hazards, find that they are unable to get investment financing. Expansion becomes impossible. Black contractors are systematically denied the surety bonds which

THE ORGANIZERS OF

Freedom INSURANCE COMPANY

7905 S. COTTAGE GROVE.
CHICAGO, ILLINOIS 60619
PHONE: (312) TR 4-3241

May 22, 1969

Department of Commerce
Office of Minority Enterprise
Urban Program Office
14th and Constitution Ave. N. W.
Washington, D. C.

Attn: James A. H. Byrd

Dear Sir:

We understand that your department is the proper channel for the processing of a petition for a grant to a small black business. This petition is for \$2,400,000 to increase the capital and surplus of a newly formed small, black owned and operated casualty insurance company, Freedom Insurance Company.

In this petition we have attempted to briefly outline and describe the market we would serve; explain the white fire underwriters' approach to the poor and black market; the plight of the black contractor, due to restrictions placed on him, in an expanding construction market; point up the general salutary effects of such a grant by explaining how Freedom would use the money. It is extremely difficult for a person who lives or who has a business in an area designated as "slum", and "ghetto", to get any kind of insurance coverage - even minimal coverages. It is so very difficult that it has become a matter of national concern and disgrace.

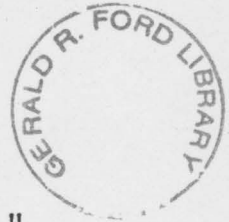
THE ORGANIZATION PEOPLE AT FREEDOM FEEL THAT THE TIME IS NOW
PAST WHEN INSURANCE COMPANIES NEED BE BEGGED TO ENTER A
COMMUNITY AND PROVIDE SERVICES.

We, at Freedom plan to write this insurance, successfully and explode the myths that there is a class of persons in this country which can be correctly described as "Uninsurables" and "Unbondables", (see attached). Moreover, we believe that as we successfully move this pilot approach, other men, black and white alike will consel with us - and we with them - and other black or heterogeneous companies will emerge to offer the same manner of relief in those cities and communities not served by Freedom.



Although, not of the Eldridge Cleaver persuasion, in almost poetic language he states why we feel we have to go ahead:

"I don't know how to go about waiting until people start practicing what they preach. I don't know how to go about waiting on that. Because all I see is a very critical situation, a very chaotic situation, where there's pain, there's suffering, there's death, and I see no justification for waiting until tomorrow to say what you could say tonight. I see no justification for not moving even if I have to move by myself..."



Freedom Insurance Company (Capital \$400,000 - Surplus \$200,000) an Illinois stock company was authorized to write automobile insurance early in 1969. It is completely black owned and black operated. Freedom is the only such casualty company in the U. S. and there are over 3,000 casualty companies.

In a very real sense, insurance is the key to the "locked-in" condition of the black citizen. Without insurance, blacks cannot get a foot on the economic ladder. The business community demands protection against the risks and hazards that every enterprise must face. Whole lines of insurance protection are denied the ghetto citizen, or priced beyond his reach. Black businessmen, unable to insure themselves against the normal hazards, find that they are unable to get investment financing. Expansion becomes impossible.

There is a crying need in the Black community for vital insurance protection without the inflated premiums, usurious financing rates, unfair and unwarranted cancellations, wage assignments and garnishments to enforce unfair contracts and in Automobile, "fringe benefits" (bail-bond cards, Motor Club privileges, etc.) have been devised by the ghetto automobile insurance establishment to increase its profits.

The black market is a cross hatched area(s) on a city or county map designated as "poor risk area" by white underwriters who decisions are rarely, if ever, challenged and may very well be unchallengeable.

In Chicago, one Fred Jasper issues "A Confidential Report on Environmental Conditions in the Metropolitan Chicago Area" which is subscribed to by many large insurance companies. It is essentially an ethnic neighborhood guide - Polish, Jew, Hillbilly, Black. The sinister, discriminatory overtones of this pamphlet need not be underscored here. A more subtle approach is the refusal to cover the automobile unless the company has all of the applicants' "other lines". The other lines referred to are generally fire, homeowners, general liability, etc. What "other lines" could the ghetto dweller possibly have?

John Kenneth Galbraith says, "The sense of responsibility in the financial community for the community as a whole is not small. It is nearly nil".

Black contractors are systematically denied the surety bonds which would allow them to bid on construction projects. The big jobs pass them by. Probably the greatest single problem with the existing surety companies is the lack of careful consideration to the matter of extending surety credit on these people; whether this is because the surety companies are understaffed, prejudiced, or just completely indifferent, is of no real importance, the fact is that such consideration is not given. The bonds are refused.

The need for construction sureties is realistically described by Gilbert B. Friedman, in his article "The Unbondables". In that article he says, "The present system of surety bonds even controls who can bid on a government financed job. In order to submit a bid, the contractor must also submit a "bid bond". This bond insures the developer that the lowest bidder will be able to get the job, then he must post two additional bonds. One is a performance bond as security for the faithful performance of his contract. The other is a labor and material bond of not less than fifty percent of his contract price as security for the payment of all persons performing labor and furnishing materials. The total coverage of both bonds equal one hundred percent of the cost of the project. It is next to impossible for a small contractor to "lick the system". Even if he could raise the required ten percent of the contract price, he could hardly be expected to raise one hundred percent "cash on the line" of the total contract price in place of the unobtainable bonds".



In the early days of the New Deal (the mid 1930's) the cities joined forces with the federal government in launching the first of a series of assaults against urban decay.

Since then we have had an unbroken succession of urban programs of which the largest were public housing, urban redevelopment, urban renewal, community renewal, and finally model cities - each program has increased in scope and territory, culminating the Model Cities Act of 1966, which calls for no less than a change in the "total environment" of the nation's metropolitan areas. Black contractors are non-participants!

There are literally thousands of small contractors throughout America who cannot have their fair share of activity in the construction field because they are deemed an unacceptable risk from the standpoint of the surety companies and a prequalification in the matter of the construction industry, particularly where public funds are involved, requires that the contractor furnish a surety bond guaranteeing the performance of his contract.

To give the full service that is necessary in this area, Freedom Insurance Company should be in a position to arrange surety credit on behalf of a contractor on a single job limit of at least \$1,000,000.

Under the Treasury rules, any surety company cannot retain for its own account an excess of 10% of its policyholders surplus; and assuming that the capital and surplus of Freedom can be increased so that the total amounts to \$3,000,000; then on that basis, Freedom could hold for its own account \$300,000 on a single job. It would mean that, if the job were in excess of \$300,000 and up to \$1,000,000, reinsurance would be necessary so that the \$700,000 additional would be carried by a professional reinsurance company or perhaps be assumed by the Federal Government itself. Such plans exist presently wherein a Division of the United States Government assumes reinsurance, for example, The National Insurance Development Corporation.

Freedom's moving into the surety field would not be on a haphazard basis; its approach to the qualifying of contractors would be on the basis of sound business judgement, a prerequisite so far as the contractors are concerned consisting of the following requirements:

1. Financial statements submitted to Freedom well in advance of needs of the contractor.
2. Antecedent background
3. Careful credit checks
4. Background information as to education, experience in the field, etc.
5. Available guarantors above and beyond the ability of the contractor maybe deemed essential in some instances.

The people at Freedom are especially familiar with the grinding problems faced by black contractors and his bondsman.

For the past two and one-half years, Norman G. Howard has served as a General Agent for three companies which would write Bid and Performance bonds for black contractors. The bond applications are reviewed with surety and construction experts. In addition, the bond applicant's financial stability and background is carefully reviewed before a bond is accepted or rejected. When a bond is rejected, the reasons for rejection are carefully explained so that the particular contractor can be made aware of his own weaknesses. Sometimes it has been possible to supply strength in weak areas and the bond has been made.

Our bond people have been Consultants and Expeditors on many bonds in several states, as well as the Virgin Islands. Estimators review the plans and specifications and advise as to the reasonableness of the bid. Specialists keep tab on the rate of progress. Back-up contractors stand by ready to step in to complete a project where the general contractor gets into trouble. At the present time, there have been some \$6,000,000 in bonds negotiated in this way. Queries from all over the country stand right now at about ten million.

Most recently Norman G. Howard and his associates were named by the National Afro-American Builders Association (NAACP sponsored) as its national bond advisors.

Four short case histories on this point:

A black contractor came to us for bonding so that he could remodel a black church in a suburb some miles west of Chicago. The contractor's financial statement was shaky but his past work experience was reasonably good. We took the chance. In the course of two months we realized, by regular supervision, that things were not going right. A Pennsylvania contractor was called in, the original contractor relieved of the job and the church is now just about finished--our loss--\$15,000.

Since 1963 Bishop Freeman, of Gary, has been trying to get a large scale housing project off the ground. We were called in. We agreed to factor the \$3,000,000 bond. We helped the small black contractor,



who had been given the job by the Bishop, beef up his financial statement and then we went into a year long series of tedious negotiations with F.H.A. and banks, tackling the most awesome pile of red-tape, objections and proposals. However, today the project is ready and the spades will be plunged for the Bishop Freeman project.

In the Virgin Islands a perfectly capable and successful contractor was awarded a \$335,000 contract to do some work. The firm had done the same kind of work on at least two other occasions -- this time the contractor was forced to post a bond. Mind you, the contractor had never before been asked to post a bond. No insurance company would post the bond. One large insurance company agreed to post the bond if the contractor would furnish an unconditional letter of credit for \$300,000!!! We investigated the contract and the contractor and arranged for the bond. That contractor now has an open avenue to bid on proposed housing, a school and a hospital.

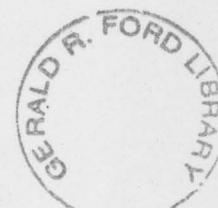
We were called into New Jersey to make a completion bond on a gigantic rehabilitation job. Our technical consultants went to Jersey with us; inspected the plans; made cursory study of the specifications and then we inspected the site. It was a hopelessly fire gutted monstrosity. It was immediately apparent that the bid was dangerously low if not absolutely inadequate. The owner of the property, when advised about our stand on the bid amount, immediately raised the contract price by \$100,000. However, in our judgement it would have been wrong to rehabilitate this building as for only a few more dollars a brand new structure could have been built, which would have dignified and upgraded the entire area. We denied the bond.

The black homeowner and real estate investors can not get proper insurance coverage either, so they are unable to get the private or government financing which would enable them to maintain and upgrade their property. Slums are generated and perpetuated.

All Negro businesses total less than 1% of the businesses in the U. S. "Most black-operated businesses are limited to serving the needs of the segregated communities - carryout stores, barber shops, and "mom and pop" type grocery stores", states Robert McKersie in "Vitalize Black Enterprise" - Harvard Business Review (Sept-October, 1968). Abraham S. Venable is quoted in the same article:

"More often than not, many Negro businessmen are a symbol of frustration and hopelessness rather than an example of achievement, success and leadership".

So when the political establishment talks about putting Negroes into the mainstream through entrepreneurship, it must be understood that its a rough road for the black brother. Moreover, this rough road is made even rougher by the refusal of the insurance establishment to provide the ordinary and necessary business coverages - fire, theft, business interruption, boiler, plate glass, workmens' compensation, etc.



A new dimension, a new philosophy, and a new expertise must be brought to the handling of fire insurance and fire insurance claims and losses in the ghetto. Right now in the city of Chicago alone, millions of dollars of urban renewal rehabilitation is held up or completely stymied because insurance companies do not intend to insure in the ghetto; and will not insure buildings scheduled for rehabilitation. If the market had been attractive they would be here.....experience shows they want no part of us.

Ghetto fire and windstorm insurance has been a joke for years and years - but not to the dweller and businessman who lives and works in the ghetto. Extraordinarily high premiums is commonplace - if the coverage is written at all, and since the riots...the common expression is simply, "forget it". There is either downright refusal to write the coverage or the premium is set so high that the applicant simply cannot afford it.

In May of 1968, Congress passed the Urban Property Protection and Insurance Act; each state passed legislation creating its own so called Fair Plan - (Fair Access to Insurance Requirements). The language of the bill allowed for slight increases in premium rates, but its interest was to keep the lid on runaway costs. Surcharges are allowed for defective wiring, poor house-keeping and the age of the building. A premium could be five times the manual rate and still be within the bill's guidelines. So there is precious little help for the ghetto dweller or businessman in that plan.

Additionally, if a policyholder has a fire, it takes upwards to 6 months to get a settlement from the so-called sub-standard fire companies still writing in the areas and then he is cancelled. Because of the loss it becomes absolutely impossible to get other insurance - either while the building is being repaired or after it has been repaired. This my friend is really a bind of the first order - And that's the way it stands today!

Probably the least kept secret in the insurance business is that most companies black out whole sections of large cities, drawing red lines around these areas on city maps. Within this encirclement companies will insure nothing, no matter how well protected the property may be. If this area is a slum (it usually is), this virtually assures that it will stay a slum, since there will be little incentive to open new businesses, construct new housing, or improve property where a mishap can wipe out the owner's entire unprotected investment.

In order to allow Freedom to carry out some or all of the propositions recited above, it will be necessary that the capital and surplus be increased from \$600,000 to \$3,000,000 and with this greater capital structure the certificate of authority would be amended and Freedom could serve its markets more completely and effectively.

Insurance regulations in Illinois and the various other states view a company's solvency in terms of its premium volume in relationship to the capital and surplus. THE MORE CAPITAL AND SURPLUS, THE MORE PREMIUM CAN BE WRITTEN.



With the capital and surplus increased to three million dollars, Freedom could and would be able to:

- a. Write up to 15 million dollars in premiums...
- b. Write a greater volume of automobiles...
- c. Qualify for the Treasury list...
- d. Qualify to write important building and construction surety...
- e. Qualify to enter the fire market...
- f. Qualify in other states
(with a program now on the boards go into 27 states almost immediately)
- g. Qualify to go into Indiana for fire and auto immediately...
- h. Expedite present plans and surveys to:
 1. Cut companies selling and collection costs by automobile insurance payroll deduction plan.
 2. Inaugurate Monthly Automobile Policy
 3. Understand the impact on insurance market of changing age populations.
 4. Expand the quality and distribution of Freedom Journal - a policyholder paper designed to give health, safety and budget saving hints and to bring these in a black pride, black accomplishment format
 5. Implement the Freedom Motor Club
 6. Implement the Freedom Buyers Service
 7. Implement the Freedom Service Center



The chances of underwriting loss, would be hedged in part, by the extensive experience the management of Freedom has had in casualty claims; by a lower than average cost of production (lower commissions) and by a good investment program which would help Freedom recoup losses suffered as a result of "considerate" underwriting....taking the calculated chance no white company will.

The company's steady cash flow could be plowed into investments.

"The investment side of the business is the most interesting and profitable line of work, and in recognition of the possibilities the entire industry has been on the move to reorganize itself so as to take better advantage of the insurance company as investment bank. In some cases this has meant merging with an industrial conglomerate; in others shifting the stock of the insurance company to a holding company, which then buys other types of businesses, and in effect, turns the business into a conglomerate". (The New Republic - February 22, 1969 at page 21).

The expansion of Freedom's horizon would spawn, in addition to the usual clerical and sales and management jobs, other positions:

Training and jobs for casualty underwriters (probably one of the largest single absolutely white employee groups in the United States)

Training and jobs for casualty claims adjusters (probably no more than 250 blacks are so employed in the entire United States)

Training and jobs in casualty insurance accounting (the same incidence as in the first shown group)

Provide training for contractors in the "business-keeping" necessary to draw up an acceptable business and economic profile; make up an acceptable and understandable financial statement; "take off" and prepare a realistic bid; how and where to apply for surety bonds; to keep time and payroll records and proper records on expenses and materials, etc.

Provide literally thousands of jobs thru the opened avenues of industrial and conventional construction.

With the possession of the additional capital the probable method of expansion would follow conservative guide lines. We would discover and meet with Black Bankers, Mortgage Correspondents, Insurance Brokers and Agents, Contractors, Architects and Engineers and such other pillars of the black community as necessary. Out of these meetings would come straight solid dialogue on how Freedom could best and effectively meet the needs of the particular community. As this is written, on our desks now are queries from ministers, brokers, contractors, architects from several states asking for our assistance.

It will not be our intention to go willy nilly into all states and areas. The expansion will depend on availability of proper and qualified personnel, underwriters, inspectors, claimsmen. We will always use black men when we can but white when necessary. There are whole job areas where no blackman has ever had exposure: Underwriting fire, workmens compensation, and the like, are examples on this point.

The principals at Freedom are Norman G. Howard, President and Chairman of the Board of Freedom Insurance Company, also is on the Board of Directors of Prudence Mutual Casualty Company and a former board member of two other casualty companies. He is the President of Insurance Services, an independent claims handling organization which employs roughly twenty people. He is also President of Associated Brokers which has six wholly owned agencies; four in Illinois and two in Indiana, writing over \$1,000,000 annually in automobile premiums.

Mr. Joseph Semper, Vice President of Freedom Insurance Company, has been Chicago Claims Manager for Prudence Mutual Casualty Company for over ten years. Additionally, for two years he was General Office Manager for that company and was responsible for the duties of forty-two persons which included all phases of the company's activities except underwriting.



Mr. Jesse Shannon, Automobile and Underwriting expert, merged his thriving agency with Mr. Howard to form Associated Brokers, Inc. He and Mr. Sims are Vice Presidents of Freedom Insurance Company, and are also licensed brokers who are and have been connected in various administrative capacities with Associated Brokers and Insurance Services. Both men ran their own general insurance agencies for many, many years.

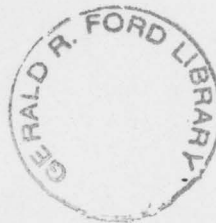
Mr. Welton R. Tyus, Comptroller and agency officer is a graduate of Roosevelt University, class of 1952. He has experience in the selling, supervisory, management, accounting, auditing and actuarial phases of the insurance business. The years before joining Freedom Insurance Company was spent as an Insurance Company Examiner for the Illinois Department of Insurance. In this capacity, he was able to observe the weaknesses and strengths of the Illinois home based companies.

Freedom Insurance Company is part of a forward-thrust-action in response to the need of ghetto people for a real alternative to the exploitation that has become the rule, a bid to move blacks into the economic mainstream of the United States, a positive substantive program rather than a negative plea and an effort to make Black Capitalism a reality. We truly hope that you will place this immediately in line for review and action.

Respectfully yours,

Joseph Semper
Vice-President

JS:ss





7905 COTTAGE GROVE AVE.
CHICAGO, ILLINOIS 60619

June 25, 1969

Department of Commerce
Office of Minority Enterprise
Urban Program Office
14th and Constitution Ave. N. W.
Washington, D. C.

Attention: Mr. James A. H. Byrd

Re: Freedom Insurance Co.

Dear Sir:

It has come to our attention that our petition of May 22, 1969 has been interpreted as one for a "grant". I did use that word but it is not to be construed as a gift. A gift as such would not be proper or legal.

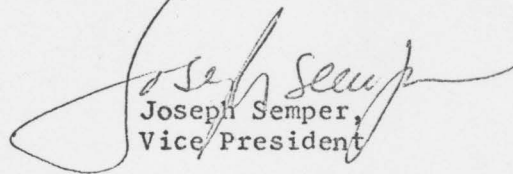
The entire transaction would involve your department getting us the 2.4 million dollars for which we would issue a "surplus note". The section of the Illinois Code covering this procedure reads:

Subordinated Indebtedness. A company organized under this article may borrow or assume a liability for the repayment of a sum of money upon a written agreement that the loan or advance with interest at a rate not exceeding 7 per cent per annum shall be repaid only out of surplus of the company in excess of such minimum surplus as is stipulated in and by the agreement. The agreement shall first be submitted to and approved by not less than a majority of the voting shares of the company and the Director. Repayment of principal or payment of interest may be made only with the approval of the Director when he is satisfied that the financial condition of the company warrants such action, but such approval may not be withheld if the company shall have and submit satisfactory evidence of surplus of not less than the amount stipulated in the repayment of principal or interest payment clause of the agreement. No loan or advance made under this section or interest accruing thereon shall form a part of the legal liabilities of the company until authorized for payment by the Director but until such authorization all statements published by the company or filed with the Director shall show the amount thereof then remaining unpaid as a special surplus account. Nothing in this section shall be construed to mean that a company may not otherwise borrow money, but the amount so borrowed with accrued interest thereon shall be carried by the company as a liability.



I hope this will serve to set the record in order.

Respectfully yours,


Joseph Semper,
Vice President

dw



The Unbondables

by Gilbert B. Friedman



In 1966, the University of Southern California proposed building a multipurpose health center in Watts. A group of Negro civic leaders and businessmen had the vision of using local Negro labor for the construction work, and with this in mind the BBWC Construction Company was born. This company was accepted as the lowest bidder. The lowest subcontractor to BBWC for the plumbing work was Cecil Hamilton, a Negro plumber with 20 years' experience. The lowest bid on the electrical work was submitted by Cliff Allen, who had an integrated electrical contracting firm. The first firm accepted to work on the job was Bailey's Construction Company. Lloyd Bailey, who heads this firm, was born in Watts and has lived there 50 years. He employs local men, as does every other subcontractor working on his team. Fifty Watts men were hired by agreement with the local union.

The university's contract with BBWC was negotiated, however, on the understanding that the company would be able to secure the necessary surety bonds. It wasn't. And it did not merely try one or two companies; it tried a dozen. No insurance company would furnish them with the necessary bonds for this \$500,000 job.

Every time government money is used, as it would be in this instance, contractors must submit surety bonds guaranteeing reimbursement in case the contractor does not perform as required. This rule applies in various guises whether the financing is local, state, or federal. For example, the Miller Act requires surety bonds in the construction of all federal buildings. Under other departments, such as the Department of Housing and Urban Development (HUD), surety bonds are required under a policy decision. Many private developers also require surety bonds of contractors and subcontractors. The practical effect is that small minority contractors are denied work.

The present system of surety bonds even controls who can bid on a government financed job. In order to submit a bid, the contractor must also submit a "bid bond." This bond insures the developer that the lowest bidder will be able to get the other bonds for the job. If he does not get these bonds, then the bid bond, usually 10 percent of the bid, is forfeited. Assuming

the contractor does get the job, he must then post two bonds. One is a performance bond as security for the faithful performance of his contract. The other is a labor and material bond of not less than 50 percent of his contract price as security for the payment of all persons performing labor and furnishing materials. The total coverage of both bonds equals 100 percent of the cost of the project. It is next to impossible for a small contractor to "lick" the system. Even if he could raise the required 10 percent of the contract price, he could hardly be expected to raise 100 percent "cash on the line" of the total contract price in place of the unobtainable bonds.

It would be nice to report that in the case of BBWC the various community groups sat around conference tables with the insurance companies, "reasoned together," and got around the obstacle of surety bonds. But it didn't happen that way. Instead, the "Tony Jacquet Compliance Plan" went into effect. Tony Jacquet was a young black man in Watts who told the various authorities that unless black men were allowed to build this health center in Watts, he was going to burn it down after the white men built it. This was how the BBWC Construction Company overcame the seemingly insurmountable obstacle of the surety bond. Not very businesslike, but effective.

Other small contractors have not been so fortunate as BBWC. Alladin Electric Inc., for example, is an electrical contractor in Berkeley, California. Ray Dones, its founder, has been in business since 1953. Alladin employed six full-time electricians, all of them Negroes, and an Oriental office manager. Alladin used to do most of its work on single-family, small duplex buildings. But with the recent slump in construction, this kind of job has come to a near standstill. There is, however, a great deal of building going on, most of it government financed. But Alladin can't get the surety bonds. As a result, Alladin Electric has had to lay off two of its six electricians.

In 1967, the Oakland Council of Churches sponsored the construction of a housing development for the elderly, called Satellite Homes. The project was 100 percent federally financed. Officials of the council called Mr. Dones and others from the community and specifically asked how they could make sure that there would be adequate minority representation in the work force. Mr. Dones suggested that the four separate

GILBERT B. FRIEDMAN is a practicing attorney in San Francisco.

Auto Insurance

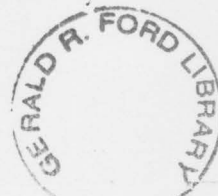
No Risks Preferred

by James Ridgeway

Efforts to reform automobile insurance are dragging along. The Senate antitrust subcommittee, led by Philip Hart of Michigan, held one set of hearings last summer and is about to begin another. The Transportation Department is in the midst of a two-year study of the insurance system.

The insurance companies are plunged into an internecine warfare over what to do about the government. Companies in the American Insurance Association,

which writes 35 percent of the business, aren't opposed to federal regulation in principle, and they are for changing around the business to make it more efficient and fairer. But the mutuals and big independent firms, State Farm and Allstate, so far are against government interference. The lawyers are banked solid against any change whatever: they stand to lose money. The agents, represented in Washington by President Nixon's former law firm, are fearful they





7905 COTTAGE GROVE AVE.
CHICAGO, ILLINOIS 60619

June 27, 1969

Blake T. Newton, President
Institute of Life Insurance
277 Park Avenue
New York, N. Y. 10017

Dear Mr. Newton:

We have been reading, with quickening interest, your widely advertised protestations of involvement in the problems of the cities and their ghettos. Soft keyed statements, these ads are, with overtones of sincerity and urgency; a subtle played down, almost casual, recital of historical awareness of the problems of the poor - perhaps even dedication. Within the framework of extreme risk, you invested 1,000 million dollars to generate Hope... "Not a normal business investment, because it was in the inner city, where capital was not readily available on reasonable terms"....

No black man wrote those ads!!!

He would have known, intimately, the troubled minds and the troubled cities with the "poverty, frustration and decay, and much ugliness all the way around".

New brick and plumbing will not assuage these ten million fractious, frustrated blacks. Too much is given. They are not allowed to earn and participate in the earning. Frustration is the sire of these problems. Young people made old long before their time by not being able to get decent jobs in a decent place and atmosphere for decent wages - yes, made old by the absence of visible black success around them except the conspicuous consumption of policemen, pimps, hustlers and a few rich doctors and undertakers. There is a deadness, a complete absence of the bustle of thriving businesses - black that is, in the ghetto. There are numberless small and large obstacles a black businessman must face and surmount that are absolutely inconceivable - almost unbelievable.



An intriguing ad was the one which dealt with the Bedford-Stuyvesant project. A black man in new, creased work clothes, carrying a clipboard with work papers. Note supervisory image! If he is a supervisor chances are the supervised are black too - yes? But despite the happy half seen smile, a safe bet is that he is not the general contractor nor perhaps even what the people in the ghetto want - participation in the action. Another ad suggested "do your own thing". "Everyone should be allowed to do what he does best".

We subscribe to that wholeheartedly! So completely do we subscribe that we are the pioneers in factoring Bid & Completion bonds for black contractors. No matter how competent a black contractor, he always found himself stymied when he tried to get a decent sized job. He could never get bonded. The Federal government notably the Veteran Administration, has encouraged the use of competent black contractors.

It would be so nice if you were able to say the same on your second 1,000 million dollar investment.

I am enclosing - for what it is worth - a petition to the federal government for a sum of money which can make our insurance company substantially more effective. With just a little added impetus, we can become the most important and effective vehicle for stirring up the bustle mentioned above. We don't know if the government will do anything. - failing them we wonder if you can?

We have asked the government for 2.4 million dollars. We are asking you for the same out of that second 1,000 million - both requests supported by Surplus Notes. There would be no point in delving into the specifics at this point - it could be that you wouldn't be the least bit interested.

Our insurance company would do for blacks the things (assumption of risks) that white casualty insurance companies don't want to do and won't do. At first blush that seems stupid doesn't it?

White companies stay out of the ghetto, they say, due to the high incidence and cost of losses. These high loss costs are due to the claims practices - perhaps unique to the ghetto. The shunts and double shunts; the inveigling and disgraceful claims practices followed in the ghettos by so called "chasers" in the automobile business and (in Illinois) "public adjusters" in the fire business have hiked the costs of claims into the red.

- "Target" companies - the really large ones that write high limits without re-insurance seems to feel that their reputation is sullied if they question claims closely. The largess of their claims men is a matter of no idle gossip. A clean, well investigated, promptly paid loss without kick-backs, is the simple answer. However, most casualty companies are run and controlled by underwriters. Underwriters make the policy. In fact, the language "underwriter loss" conveys the concept that had the underwriter done his job well, there would not have been a loss. Of course that is not true, but in self-defense, the underwriter blocks out whole areas of the city (always black) and refuses to approve applications for insurance from that section.

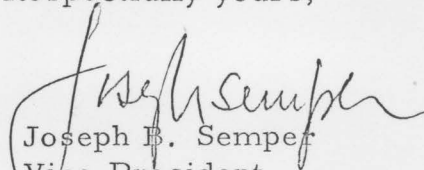


That practice now runs to all lines of casualty insurance. At the time the Life Insurance Companies are seeing the billions of dollars in the black market, the Casualty Insurance people are turning away.

We therefore ask you to provide 2.4 million on our behalf on the same surplus notes agreement as we petitioned the government. You generally invest in housing and enterprise? We can help to make the housing area possible and meaningful and of course we are enterprise.

You have stated that you feel "this special commitment was essential", we hope that you will help us to help you in making your commitment a historical accomplishment.

Respectfully yours,


Joseph B. Semper
Vice President

P. S. The short enclosed letter just reached my desk and exemplifies the need and purpose of Freedom better than all these pages and attachments.

JBS:ss

Attachments - 4



INSTITUTE OF LIFE INSURANCE

277 PARK AVENUE, NEW YORK, NEW YORK 10017

COMMUNICATIONS DIVISION

212-922-3000

July 10, 1969

Mr. Joseph B. Semper, Vice President
Freedom Insurance Company
7905 Cottage Grove Avenue
Chicago, Illinois 60619



Dear Mr. Semper:

Thank you for your letter addressed to Mr. Newton in response to our recent advertisement on the billion-dollar investment program of the life insurance business. I am replying because of my major responsibility for urban affairs here at the Institute.

I am indeed interested in your attempt to obtain additional funds for your company so that it can do a more effective job in the bonding and casualty field, particularly involving black contractors. The Institute, as one of the associations of life insurance companies, does not have any funds available outside of our regular annual budget. The billion-dollar urban investment program is decentralized, with the investments on each housing project or job-creating enterprise being made by the participating life insurance company. I am enclosing some basic material on this program, including the guidelines and the list of companies.

Because I know of the serious problems caused by the inability of black contractors to obtain proper bonding, I am referring your letter and material to the Urban Clearing House which administers the billion-dollar program. As you can see, the investments in this program are primarily in the nature of long-term, permanent financing, but if your request would meet the guidelines of the program, the Clearing House will channel it to one or more companies who have shown interest in this area. In any case, you will be hearing from the Clearing House on this matter.

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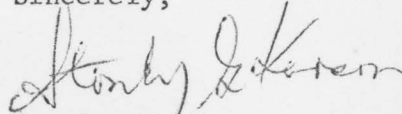
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CHARLES R. TYSON
TRAVIS T. WALLACE

INSTITUTE OF LIFE INSURANCE

- 2 -

In addition, I would strongly suggest you contact the Ford Foundation here in New York since it has just completed an important study on the bonding problem.

Sincerely,



Stanley G. Karson
Director

SGK:prs
Enclosures

cc: J. Lordeman
Life Insurance Association of America



When you invest a billion dollars to help the cities, you learn some things.

Troubled minds: Back some 18 months ago, there were a lot of troubled minds all over this country. Including many in our business. The life insurance business. And what troubled everyone was the cities. There was poverty and frustration and decay and much ugliness all the way around.

In that atmosphere, when there was precious little hope anywhere, a lot of companies from our business got together to do something about it. To give it a try.

To invest a billion dollars worth of loan funds in the city core areas. Money that would create more jobs. More housing. Hopefully, more hope. And we made a public pledge of this investment.

You may say, this was just business as usual.

Because historically, life insurance companies invest in housing and in enterprise that makes jobs.

But this was different.

This was a new and special case of investment.

It went to an area—the inner cities—where capital was not readily available on reasonable terms, because of risk and location. Our business felt this special commitment was essential.

After all, our business is totally bound up with the health and safety of people. And people live in the cities. You could say people are the cities.

If those cities crumble, people are going to crumble, and business—ours, yours, anyone's—is apt to crumble right along with them.

In a businesslike way, our business was investing in its own future.

Like hope.

Due to the nature of the problem, the life insurance companies would need the closest cooperation of government and responsible leaders of the community. And they're getting it. With the result that the billion is now almost completely committed.

What we learned, was people.

By our very involvement in the core areas, we of the life insurance business found ourselves getting a lot closer to where people live.



We confirmed a deep feeling. That the problem of the cities needs people—people in government, business, and labor, working together—to help solve it. And we discovered we weren't trying alone; other businesses were making special efforts.

The life insurance companies are re-learning a basic truth. Let everyone do what he does best. We ourselves know investment in housing and enterprise. Local planners, developers, and agencies know their communities and know their needs.

Our business has learned that its hope was justified.

Sure, minds are still troubled today. The situation won't "just go away." But...

We're taking another step.

A second billion.

A second billion devoted to the same aims.

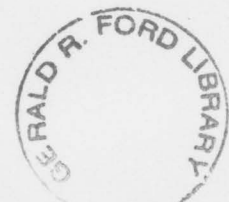
While knowing that it doesn't nearly fill the whole need, the life insurance business regards this, like the first billion, as an investment in its own future.

Isn't it your future, too?

If you would like some suggestions on what you can do, write for the booklet "The cities...your challenge too." Dept. L

Institute of Life Insurance
On behalf of the life insurance companies in America
277 Park Avenue
New York, N.Y. 10017

A social services center grows in Bedford-Stuyvesant, being built with mortgage money provided by the life insurance investment. One of hundreds of projects in 227 cities.



When you invest a billion dollars to help the cities, you learn some things.

be your self

In the catch phrase, do your own thing. That's one thing we learned in the life insurance business in trying to help the cities. Everyone should do what he does best.

About 18 months ago, a lot of life insurance companies decided they should give the inner cities the kind of help they were good at. Investment loan help. To make jobs and homes. Because the life insurance business traditionally invests in housing and enterprise. The companies that pledged this money, big companies and not so big, make up the lion's share of our business. And among them they pledged a billion dollars.

Now, this wasn't a normal business investment.

It went to an area—the inner cities—where capital was not readily available on reasonable terms, because of risk and location. Our business felt this special commitment was essential.

After all, our business is totally bound up with the health and safety of people. And people live in the cities. You could say people are the cities.

If those cities crumble, people are going to crumble, and business—ours, yours, anyone's—is apt to crumble right along with them.

So we went after the problem at its core.

In the troubled inner cities.

We found we needed the cooperation of many people...people in government, business, labor...responsible leaders in the community.

We found that each person, each group, each government agency, each business has to lend its own talents. Each has to "be itself."

Just as the life insurance business, which knows how to invest.

Just as other businesses, which we found contributing their special aptitudes.

At the outset of the pledged billion, a good many hard-headed people said this venture couldn't be done.

But with the co-operation of others, it is *being* done. In fact, it's very nearly completed. And now?

A second billion has been pledged.

A second billion dollars with the same aims as the first.

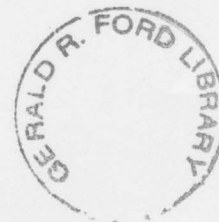
But leaning on what has been learned through the first.

We feel that in doing this, we are merely minding our own business. Being ourselves.

If you agree that the cities are your business as well, the life insurance business would like to offer you a booklet called "The cities...your challenge, too."

Whether you're in business or not. Write: Dept. Y

Institute of Life Insurance
On behalf of the life insurance
companies in America
277 Park Avenue
New York, N.Y. 10017



POLICYHOLDER'S SIGNATURE

IS INSURED BY



FREEDOM
INSURANCE COMPANY

CHICAGO, ILLINOIS

IN CASE OF ACCIDENT CALL 994-1637

ALWAYS CARRY THIS CARD WITH YOU

IN CASE OF ACCIDENT

1. Notify the Police immediately.
2. Obtain names, and addresses of all drivers involved.
3. Get license plate numbers of all cars involved.
4. Get names and addresses of all witnesses and occupants of all vehicles.
5. Report the accident to this office immediately.

NOTIFY OUR OFFICE PROMPTLY if you change your job, address or your car.



Freedom INSURANCE COMPANY

7905 S. COTTAGE GROVE.
CHICAGO, ILLINOIS 60619
PHONE: (312) TR 4-3241

Dear Policyholder:

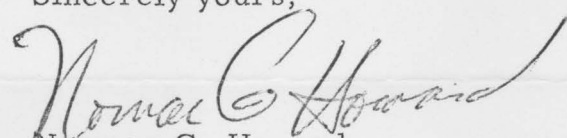
Welcome to the Freedom Family.

You are not our only policyholder; but we plan to treat you as if you were.

Should you ever have an occasion to visit us or call us, every department we have will be at your service. We are geared to answer or find the answer to any of your insurance questions or problems. Try us and see!

Associated Brokers, Inc. has unlimited confidence in us and we hope that you will grow to do so too. Now, tell a friend - or relative.... give them one of the enclosed cards and they too can get insurance with Freedom.

Sincerely yours,



Norman G. Howard
President

NGH:ss



**GIVE THIS STUB TO A
FRIEND WHO NEEDS
BETTER SERVICE
ON HIS INSURANCE**

6 CONVENIENT LOCATIONS

7923 S. Cottage Grove 994-4000

126 W. Chicago Ave. 664-1797

5014 W. Madison St. 626-4733

7 N. Pulaski Rd. 638-4149

1801 Broadway 885-6286

Gary, Indiana

2204 Broadway 398-6500

East Chicago, Indiana



**THE ONLY NAME YOU NEED TO
KNOW FOR BUYING INSURANCE**

COMPLETE THIS PART OF CARD AND MAIL TODAY FOR FREE SERVICE

☐ **GIVE ME THE PRICE FOR INSURANCE ON THIS AUTOMOBILE**

☐ SEND A SALESMAN TO TAKE MY DOWN
PAYMENT AND APPLICATION

☐ I NEED FIRE, HOMEOWNERS, BOND OR
OTHER TYPE OF CASUALTY INSURANCE

NAME _____ AGE _____

HOME ADDRESS _____ PHONE _____

CITY _____ ZIP CODE _____

OCCUPATION _____

MALE ☐ FEMALE ☐ SINGLE ☐ MARRIED ☐

YEAR OF CAR _____

MAKE _____

MODEL _____

ENGINE H.P. _____

BODY STYLE _____

DISTANCE TO WORK ONE WAY _____ MILES

IS CAR USED FOR BUSINESS YES ☐ NO ☐

LIST ALL ADDITIONAL DRIVERS

AGE	MALE OR FEMALE	RELATION TO YOU	MARRIED OR SINGLE

BE SURE TO FILL IN YOUR NAME & ADDRESS

BUSINESS REPLY CARD

NO POSTAGE NECESSARY IF MAILED IN UNITED STATES

POSTAGE WILL BE PAID BY



7923 S. COTTAGE GROVE
CHICAGO, ILLINOIS 60619

A

FIRST CLASS

PERMIT NO. 65564

CHICAGO, ILLINOIS



**WE CAN PUT YOU
ON THE ROAD TO
FREEDOM**

INSURANCE FOR

AUTOS

TRUCKS

HOMEOWNERS

BOATS

BUSINESSES

TRAFFIC BAIL BOND CARDS

SURETY BONDS

**FINANCIAL RESPONSIBILITY
BONDS**

**A COMPLETE INSURANCE
SERVICE AGENCY RIGHT IN
YOUR OWN NEIGHBORHOOD**

DETACH HERE

GENERAL INSURANCE INFORMATION

The Kerner-Shapiro Administration has been responsible for thrusting Illinois in the forefront of State regulation in the business of insurance. The most sweeping and extensive modernization of the Illinois Insurance Code in 30 years has been completed in the 74th and 75th Sessions of the Illinois General Assembly. An updated and revitalized Insurance Code which may become a model for our sister states has been enacted, which will provide for effective regulation of the \$4.5 billion industry of our State for the benefit of all the people.

The primary purposes of the regulation of insurance are to protect the public interest in the solvency and honesty of insurance companies and to promote fair competition among the companies and their agents, brokers and solicitors in a free enterprise environment.

No other industry in the economy of our society reaches so deeply and completely into the lives and futures of the individuals and families of Illinois as does insurance, with its contractual obligations for the future financial security of almost all of our citizens. Insurance has in fact become the economic glue which holds together the diverse elements of our complex society.

The dimensions of this business cannot be understated. There are 1300 companies admitted to do business in Illinois, including 491 domiciled within our borders. Illinois residents paid \$3 billion in premiums last year. There were 156,279 brokers, agents and solicitors license issued in Illinois in 1966. Insurance companies are currently contributing \$40.1 million per year or somewhat more than \$80 million in taxes or fees per biennium to the General Fund for the conduct of State government in Illinois.

con't

D. R. FORD LIE

Domestic companies, in order to start business, are required to have a minimum capitalization. In 1965, these capital requirements were roughly doubled. These higher capital requirements greatly increases the probability of success for well-managed new companies.

The Director was empowered to refuse the issuance of a certificate of Authority to any new company until it submitted a sound plan of operation, and the management had reasonable experience, proven competency, and is of good reputation.

Actuarial projections with fully detailed data must be submitted in order to demonstrate the soundness of the plan of operation. Full investigations into the background of new management have been ordered. Information about the management has been instrumental in denying entry into the insurance market by certain promoters.

Control over the management personnel of Illinois insurance companies had been secured. Entry into the insurance market place is now carefully regulated. Prior to 1965, these were immiently significant problems.

Of primary importance has been the enactment of measures to strenghten the Illinois Insurance Department's ability to prevent future insolvencies and to lessen hardships in insolvencies which may occur.

Flexible powers have been given to the Department to require a fire or casualty company to take the steps necessary to reduce its loss exposure whenever its loss experience and annual premium volume when reviewed in relation to its financial condition creates a hazard to the public. A company

con't

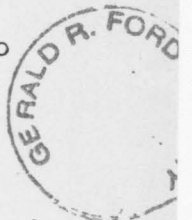


may be required to reduce its volume of new business or even to suspend the writing of new business for a period up to three months. These powers are unique to the Illinois Department. This gives the Department limited authority to control a company's business practices without a formal rehabilitation. A few high-risk companies have restricted their premium volumes on a voluntary basis since this law became effective.

Now let us turn to a subject of vast importance which was treated by the Illinois Urban Property Insurance Act, which was enacted in the Special Session. This Bill, establishes an Industry Placement Facility and Reinsurance Association, which will guarantee availability of basic property insurance at reasonable rates to urban area property owners, both residential and commercial. This was not just another insurance measure; it is a Bill which may well determine whether the private insurance industry aggressively promotes the efforts to rebuild our cities or is to be over-ridden by the forces of urban blight.

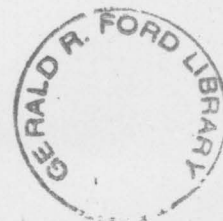
Property owners in central city areas, commonly known as the urban core, have long found it difficult to obtain fire and extended coverages. At the conclusion of last summer's rioting, President Johnson appointed and convened a Blue Ribbon Committee, chaired by Governor Kerner, with the mandate for action in an address delivered July 27, 1967. The Kerner Commission in the Insurance Subcommittee Report concluded that the basic force of insurance is a necessary catalyst to revitalizing our cities.

The Urban Property Insurance Act meets the urban fire insurance crises in the spirit of the federal system with proper encouragement to the private free enterprise system to continue its responsibility. Fire Insurance will be made available to all property owners through the Facility and the Reinsurance Pool



without being disruptive of the private insurance mechanism. As our communities become stabilized, the need for these special mechanism and governmental backup will hopefully disappear. However, in the interim an important step in finding answers to the challenge of orderly community development in urban core areas has been met and the urban insurance crisis has been averted in the State of Illinois.

As can be seen Freedom Insurance Company has qualified under the strictest set of rules and regulations in existence.



3840 EAST YALE ST. PHOENIX, ARIZONA 85008 TELEPHONE 273-0254

July 2, 1969

Mr. Mike Monroe
Special Consultant Urban Affairs
The White House
Washington, D. C.

Dear Sir:

As per my conversation with you here in Phoenix at the National Negro Newspaper Convention, I am sending you a brief summary of my background.

I am fifty-one years old and have been a brick mason for thirty-five years. Because I am a negro I could not enter the apprentice program. Thus I had to do what we call in trade circles steal the trade. It took a lot of guts, dedication and perseverance to overcome all the obstacles that were and still are very subtly put in the way of negro tradesmen by unions. Unless the young negro male is especially trained to overcome these diversions deliberately designed by the unions, it is almost impossible to become a qualified mechanic.

My path to contracting was and is most difficult to accomplish. Currently, I am doing the biggest masonry job in the state of Arizona. This work includes four dormitories - eight stories high, a student union building and two dormitories - three stories high, here in Phoenix on the Arizona State University campus. The total contract is \$365,000. Even with a contract of this size which clearly demonstrates my ability, the situation is still very galling. Because of the bonding difficulty - due to my race - I, alone, have to pay like 60-40% of the profits to borrow money for financing and I think this is an injustice and a most deplorable situation that our government could and should do something about.



7/2/69

My background includes:

Estimated houses built or worked on - 5,000 to 10,000 government projects under rigid supervision; Corps of Engineer inspection, Nike Base, Omaha, Nebraska; Enlisted Mens Barracks Fort Hood, Fort Bliss, Fort Leavenworth, Fort Leonardwood.

Commerce Trust Bank, Kansas City, Missouri - 32 stories.

Thousands of commercial jobs from coast to coast.

I still carry a union card and was the first negro to join the Brick Mason Union in Kansas City, Missouri - after many problems. I have been physically assaulted and have the scars to prove it.

I taught Masonry and Math in the Kansas City, Missouri Public School System. I, personally, have taught over 160 negro men the trade only to have 92% drop out because the going is too tough for them.

In conclusion, I know from experience every trick the unions use to keep minority groups out. I have some definite ideas about this that I would like to discuss with you at your earliest convenience.

Respectfully yours,



Hershell R. Cannon

HRC:al





By DORIS E. SAUNDERS

Bankers Meet . . . Meeting in Chicago from Sunday through Wednesday were some of the biggest financial interests in the country. And this meeting has been a very crucial one, from several points of view.



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almost WE'LL INSURE ANYBODY



some folks have almost nothing to lose...

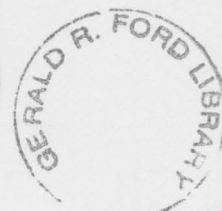
BUT YOU WORK HARD TO GET THE THINGS YOU AND YOUR FAMILY NEED AND ENJOY : YOUR HOME , YOUR CAR AND POSSESSIONS.

accidents don't play favorites.

IF A CAR ACCIDENT OR FIRE STRIKES YOU, DON'T GET CAUGHT WISHING YOU HAD BOUGHT INSURANCE. THAT'S THE SADDEST WISH OF ALL.

We sell automobile liability policies for as little as \$16.08 down and monthly payments of only \$16.08. Our Homeowners' and Business Insurance policies are easy on the pocketbook too...and our office is right here in the neighborhood.

GOOD NEWS is waiting for you today at
the GOOD NEWS agency

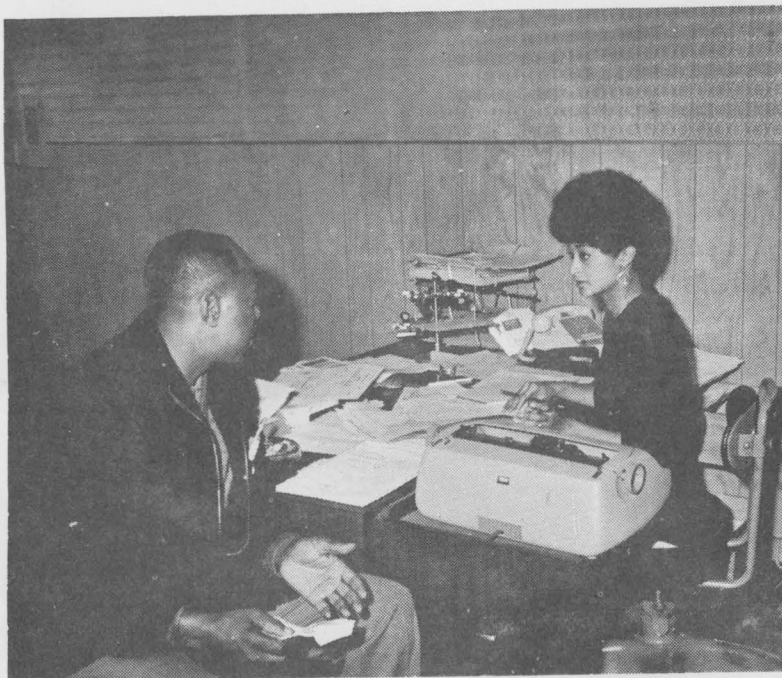


5014 W. MADISON STREET
CHICAGO, ILLINOIS 60644

626-4733



MISS PATRICIA PIERCE, Underwriter, looks over accounts.



MISS ANTRUNETTE ADAMS, Auto underwriter serves a client.

Business Showcase



BY REGINALD C. HAYES
(BUSINESS EDITOR)

ENTER THE ASSOCIATED BROKERS

Associated Brokers, Incorporated was formed to bring the advantages of fair dealing and lower cost to the black citizen and to attack, at the source, some of the selling abuses blacks had come to expect when buying liability and casualty insurance.

There are two organizational designations for Associated Brokers. The first is Associated Brokers, Inc. an Illinois corporation. The second is IMI Associated Brokers, incorporated in the state of Indiana. Both corporations were formed in late 1967 and began operating in January, 1968.

Associated Brokers is now a thriving economic entity in the black community of which we can all justly be proud.

The founders of the corporation are Norman C. Howard, formerly of the Norman Howard Insurance Agency and Jesse W. Shannon, former owner of the Michigan Avenue Insurance Agency. These two gentlemen currently serve as the corporation's president and vice president, respectively. Three other men make up the core of the management group. They are Albert T. Clarke, Isaac Sims and Joseph Semper. William De Gallion is also a close associate and serves as Regional Manager of the Indiana Agency.

The above named gentlemen were formerly independent insurance brokers and executives who combined to capitalize on the advantages of reduced overhead, centralized control and greater management experience.

The expansive main office of Associated Brokers is located at 7923 S. Cottage Grove Avenue. Facilities are deluxe and services are superior. There is a saying around the place that "We are black and we are proud and Freedom is coming!"

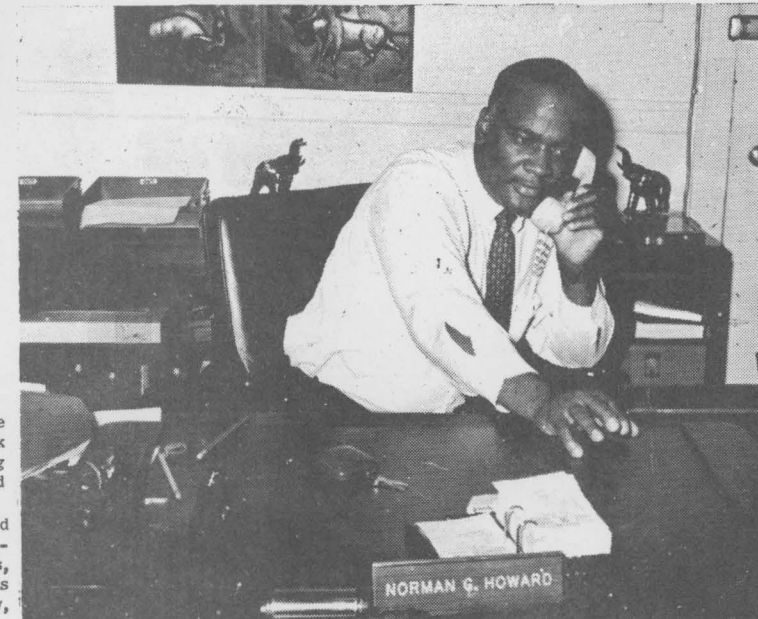
Associated Brokers opened its first branch office in East Chicago, Indiana on April 1, 1967. Within six months, the company had grown to its present size. The branch office concept was developed with convenience of the client in mind. It proved to be one of the major factors contributing to the rapid growth of the company. Another salient factor responsible for AB's swift growth is their sagacious use of newspaper and radio advertising media.

Associated Brokers operates principally in the field of casualty insurance and serves a predominantly black consumer market. It has six branch offices and provides a twenty four hour coverage service.

Its biggest volume of coverage is automobile insurance. And Associated Brokers is out to get its share of a \$50 Million a year market.

In addition, the company offers a complete line of casualty and business liability coverage including: General Business Liability, Fire and Allied Lines, Dram Shop of Liquor Liability, Commercial Vehicle Liability, Homeowners and Tenants Liability, Financial Responsibility Bonds and Insurance, Manufacturers and Contractors Liability, Surety Bonds and Performance Bonds.

Clients of Associated Brokers are serviced by 56 cour-



MR. NORMAN HOWARD, PRES. of Associated Brokers, Inc.



MISS CARLA THOMAS, clerk, smiles pretty for photographer.



JESSE(PETE) SHANNON, VP AND ONE OF THE FOUNDERS OF ASSOCIATED BROKERS.

teous and thoroughly trained underwriters and adjusters. There is also a fleet of radio dispatched agents who cover the widespread operations when speed of coverage is of the essence.

Blacks in the ghetto have been charged as high as 40% interest on the premium for liability insurance and have had their policies cancelled for any number of shoddy reasons. But change is in the wind. Associated Brokers is here and FREEDOM IS COMING!



THE ASSOCIATED BROKERS INC., (L-R) IKE SIMS, AGENT COORDINATOR, ALBERT T. CLARKE, DIRECTOR OF PUBLIC RELATIONS; NORMAN HOWARD, PRESIDENT; JESSE

SHANNON, VICE PRESIDENT, AND JOSEPH SEMPER DIRECTOR INTERNAL OPERATIONS.



MRS. LOTTIE ROBBINS, BOOKKEEPER.



IKE SIMS talks insurance sales with Leonard Searcy.



JOSEPH SEMPER, Director of Internal Operations.



MRS. PEGGY LITTLE, office manager , and Administrative Assistant.

BOXALL



OFFICE OF ECONOMIC OPPORTUNITY

CONTRACTS WITH MINORITY FIRMS

October 21, 1969

GERALD R. FORD LIBRARY

CONTRACTOR	CONTRACT(S)	AMOUNT	CONTRACT DESCRIPTION	CAPABILITIES
Pacific Training and Technical Assistance Corporation 2556 Grove Street Berkeley, California 94704	B99-4963	\$149,561	Monitoring of and Technical Assistance to Research and Demonstration Manpower Programs	Manpower, Training, Technical Assistance, Evaluation, Research and Demonstration, Information Systems in Manpower, Education, Housing, Medical Services
	B99-5003	\$ 95,698	Evaluation of Navajo Community College	
Roy Littlejohn Associates 1404 M Street, N. W. Washington, D. C. 20005	B99-4959	\$ 67,000	Training and Technical Assistance to Milestone Coop. (Lexington, Miss.)	Training and Technical Assistance; Manpower, Police Community Relations, Diagnostic Surveys, Evaluations, Economic Development, Model Cities Programs, Comprehensive Planning, Legal, Youth and Rural Programs all with Spanish Capability
	B99-5021	\$339,462	Training and Technical Assistance in Economic Development	
Development Associates, Inc. Management--Governmental Consultants World Center Building 918 16th Street, N. W. Washington, D. C. 20006	B99-4956	\$ 47,852	Evaluation of CAAs in Mid-Atlantic Region	Research and Demonstration, Training and Technical Assistance, Planning and Evaluation, Systems Analysis, Management Consultant, Writing and Editorial all of which can be served in Spanish and English
	B99-5011	\$ 38,306	Evaluation of Training Programs for CAAs in Mid-Atlantic Region	
	B99-4970	\$ 77,497	Evaluation of Training Programs for CAPs in Great Lakes Region	
Urban Resources 1860 Broadway New York, New York 10023	B99-4967	\$115,000	Technical Assistance to OEO/CAP in New York and New Jersey	Community Development, Economics, Management, Vocational Training, Systems Analysis, Program Evaluation, Technical Assistance in Housing and Health
Black Economic Union 10542 Euclid Avenue Cleveland, Ohio 44106	B99-5023	\$150,000	Technical Assistance to Great Lakes Region	Technical Assistance and Training, Evaluations, Manpower, Surveys, Economic Development, Management Consultants
Multi Racial Corporation 1826 Jefferson Place, N. W. Washington, D. C. 20036	B99-5005	\$ 84,452	Training Head Start Staff to be more Effective in Inter-racial & Inter-Cultural Situations	Manpower (Vocational Training), Education, Economic Development, Training and Technical Assistance, Self-help Housing, and Model Cities
Koba Enterprises, Inc. 1631 14th Street, N. W. Washington, D. C. 20009	B99-4948	\$ 47, 180	Study on Internship Programs funded under Section 230 of EOA	Evaluation and Research, Economic Development and Social Planning, Manpower

<u>CONTRACTOR</u>	<u>CONTRACT(S)</u>	<u>AMOUNT</u>	<u>CONTRACT DESCRIPTION</u>	<u>CAPABILITIES</u>
BLK Group, Inc. Dupont Circle Building Washington, D. C. 20036	B99-4946	\$148,746.	Evaluation of Technical Assistance Programs for Model Cities Groups	Research, Technical Assistance and Evaluation in the Human Resources Development Field
Frontiers Unlimited, Inc. 859½ Hunter Street, N. W. Suite 201-202 Atlanta, Georgia 30031	B99-5019	\$158,000.	Technical Assistance to the Southeast Region	Training and Technical Assistance, Manpower, Economic Development, and Community Education
Bell/Green Associates, Inc. 1000 11th Street, N. W. Washington, D. C. 20001	B99-5016	\$150,000	Training Activity in which General Staff Management Proficiency of CAAs in the Six State New England Region will be Upgraded	Management Training, Teaching Management Attitudes, Developing Teaching Systems, Information Systems Design and Implementation, Training in Economic Development, Housing and Social Actions.
Hispanic American Development Corporation World Center Building 918 16th Street, N. W. Washington, D. C. 20006	B99-5030	\$ 95,000	Technical Assistance and Support of OEO/CAP Planning Development Programs	Research and Demonstration, Training and Technical Assistance, Planning and Evaluation, Systems Analysis, Management Consultant, Writing and Editorial all of which can be served in Spanish and English.
A. L. Nellum & Associates, Inc. 1025 Connecticut Avenue, N. W. Washington, D. C. 20036	B99-4964	\$128,000	Training and Technical Assistance for Great Lakes Region	Training and Technical Assistance, Manpower (Evaluation and Training), Economic Development, Research and Evaluation, and Management
	B99-4983	\$ 40,550	Technical Assistance to OEO/CAP Manpower Programs in Great Lakes Region	
Training, Research and Development, Inc. 918 Tenth Street, N. W. Washington, D. C. 20001	B99-4982	\$ 59,500.	Technical Assistance to OEO/CAP Manpower Programs in Southwest Region	Feasibility and Marketing Analysis, Economic Development, Training and Technical Assistance, Evaluations, Information Systems, Research and Demonstration, General Technical Assistance in Manpower and Social Actions
Social Dynamics, Inc. 1736 Alcatraz Avenue Berkeley, California 94703	B99-4986	\$122,255	Technical Assistance to OEO/CAP Manpower Programs in Southeast, North Central and Western Regions	Training and Technical Assistance, Manpower, Community Development, Model Cities, Program Development, Research and Evaluation
	B99-5022	\$226,720	Technical Assistance for CAP Programs in Western Region	
	B99-4824	\$ 99,000	Training and Technical Assistance - Head Start	

CONTRACTORCONTRACTAMOUNTCONTRACT DESCRIPTIONCAPABILITIES

National Council of Negro
Women
1346 Connecticut Avenue, N.W.
Washington, D. C. 20036

B99-4674

\$64,250

Community Services and Development
Program in Gulfport, Miss.

Housing, Day Care Centers, Consumer
Education, Self-Help Programs

2,504,029

