City of Detroit
CITY COUNCIL
LEGISLATIVE POLICY DIVISION
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TO: Detroit Reparations Task Force

FROM: David Whitaker, Director
Legislative Policy Division Staff

DATE: January 27, 2024

RE: **Request for Information Relative to Slavery Era Records and Preferential Tax Benefits Data**

The Detroit Reparations Task Force (DRTF) requested the assistance of the Legislative Policy Division (LPD) in acquiring data relative to the City of Detroit's Slavery Era Records Ordinance, which requires entities doing business with the City of Detroit to disclose previous relationships where the entity has benefited from chattel slavery. Some types of contracts entered into by the City do not require such affidavits, including any contracts or purchase orders with other governmental agencies like "MiDeal," the State of Michigan's extended purchasing program that allows Michigan cities, townships, villages, counties, school districts, universities, colleges, and nonprofits hospitals to buy goods and services at reduced cost from state contracts.

The DRTF also requested economic development data regarding various partnerships the city has engaged in with developers, where promises of employment for Detroiters were made in exchange for tax incentives and the anticipated number of jobs never materialized.

In responding to these requests, LPD staff respectfully submits the following information to assist the DRTF in its efforts.

Slavery Era Disclosure Ordinances have been adopted in many municipalities throughout the country, including Detroit. Attached you will find LPD's analysis of the purchasing contracts that we are privy to, keeping in mind that there is no way for our department to either determine the universe of all the city's purchasing activities, or to verify information submitted by contractors.

For the purpose of conducting a thorough slavery era analysis, we consulted the congressional record taken from the United States House of Representatives Committee on Financial Services and the Subcommittee on Oversight and Investigations hearing entitled "*An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement.*"

Inquiries were sent to ten of the largest banks, and ten of the largest insurance and insurance holding companies, in the U.S.[1] The requested information pertained to each institution and its predecessors' involvement in chattel slavery and related business prior to December 6, 1865, when the 13th Amendment to the U.S. Constitution was ratified and slavery was abolished in the U.S. [2]

The congressional subcommittee hearings were conducted in two parts, taking place on April 5, 2022, and December 7, 2022, for the purpose of examining the role financial institutions played in the practice of slavery in the United States.

To determine if and when any of these financial institutions had ties to the slave trade and engaged in business activities with the City of Detroit, the Legislative Policy Division compared the information received by the House Committee on Financial Services, as contained in two reports, to the accessible data from the City of Detroit.

Banks

Of the ten banks examined, only two – the Bank of New York (BNY) Mellon and JP Morgan Chase – both found to have had previous ties to the slave trade, either by its parent company or a subsidiary, are currently contracting with the City of Detroit.

In 2005, Bank of New York (BNY) Mellon commissioned History Associates to conduct research into its historical connections to slavery. The report completed in 2006, identified 35 predecessor banks established before 1866 and there was no evidence of a predecessor having ties to the slave trade or goods produced through slavery. However, it was disclosed that in one instance a loan was secured by a mortgage that was collateralized by a plantation and enslaved people.

The Legislative Policy Division also found an active contract between the City of Detroit and a BNY subsidiary, The Bank of New York Mellon Trust Company, N.A., this bank was also listed as a one-time supplier in 2016. The contract, which is still active, was signed in 2024. The contract details are as follows:

- 6001012 – from 7/24/17 to 7/24/31 for a perpetual Trust Agreement through BNY subsidiary called The Bank of New York Mellon Trust Company, N.A. Total contract amount $0.00

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[1] House Committee on Financial Services, Hearing on An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement (Dec, 7, 2022)

[2] House Committee on Financial Services, Hearing on An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement (Dec, 7, 2022)

Attachments: EO 2024-2, CRIO Dashboard Metrics, House Committee on Financial Services memorandums, dated April 5, 2022 and December 7, 2022

In 2005, one of the nation's largest banks, JP Morgan Chase, became one of the first financial institutions to publicly apologize for its historical connection to slavery. In a statement, JP Morgan Chase stated that its two Louisiana banks had received thousands of slaves as collateral before the Civil War. In turn, JP Morgan Chase established a scholarship fund for Black students in Louisiana. The Legislative Policy Division found an active contract with this entity, and several of its subsidiaries are listed as one-time suppliers approximately 20 times in 2016, 2017, and 2022. Please find contract details and the list of subsidiaries below:

- 6001682 – the city entered into this contract in 2019, and it expires in 2029 for Banking Services. Contract total amount $0.00.
    - JP Morgan Chanse Bank CoreLogic tax Services
    - JP Morgan Chase Bank C/O Ecova
    - JP Morgan Chase Bank C/O Industry Consulting Group Inc
    - JP Morgan Chase Bank C/O Insurance Claims Department
    - JP Morgan Chase Bank C/O NA ISA OA
    - Venture title Agency JP Morgan Chase

Of the remaining eight banks who responded to the House Subcommittee's inquiry, none were found to have active contracts with the City of Detroit. However, there was evidence of some banks and/or their subsidiaries engaging in the procurement process as one-time suppliers.

Bank of America was found to have no record of an active contract; however, they were listed as a one-time supplier six times in Oracle in 2016 & 2017, including a few of their subsidiaries:

- Bank of America CoreLogic
- Bank of America CoreLogic tax Services
- First National Bank of America

Wells Fargo did not have an active contract with the City of Detroit, however, a few of their subsidiaries are listed 17 times as a one-time supplier in 2016 – 2019, including:

- Wells Fargo Home Mortgage
- EverBank Escrow Wells Fargo Distribution Clearing
- National Tax Search LLC, Agent for Wells Fargo
- Wells Fargo Tax Services

Citigroup does not currently have an active contract with the City of Detroit, however, some of their subsidiaries are listed 16 times as one-time suppliers in 2016 – 2023. This includes:

- CitiMortgage
- CitiFinancial
- Financial Freedom a Division of Citibank.

PNC was found to have no active contract; however, they are listed as a one-time supplier with the City of Detroit 14 times in 2016, 2017, 2019, and 2021, including their following subsidiaries:

- PNC Mortgage
- PNC Tax Department
- PNC Transit Services

U.S. Bancorp did not have an active contract with the City of Detroit; however, U.S. Bancorp was listed as a one-time supplier in 2016.

Capital One, Goldman Sachs and Truist had no active contracts with the City of Detroit, nor did we find them listed as one-time suppliers.

Insurance and Insurance Holding Companies

Of the ten insurance and insurance holding companies that responded to the HFSC inquiry, New York Life was the only company to disclose a historical connection to slavery. Originally founded in 1845, the company insured the lives of 520 enslaved people from 1846 to 1848, and paid claims on the policies of 15 enslaved people who died. After learning of this history, New York Life, donated its related records to the Schomburg Center for Research in Black Culture, which is part of the New York Public Library.[2]

There is no evidence of an active contract with the City of Detroit, however New York Life is listed as a one-time supplier in 2022. Of the remaining insurance and insurance holding companies who were surveyed, none were found to have ties to the slave trade, however, five companies did not complete a review.

Allstate was found to have no active contracts with the City of Detroit but was listed as a one-time supplier in 2016-2018. Allstate, Liberty Mutual, Massachusetts Mutual Life Insurance Company, MetLife, Progressive & Prudential, and State Farm all had no active contracts with the city but were listed as one-time suppliers at one time. There was no evidence that Berkshire Hathaway and Northwestern Mutual Life Insurance Company had any ties to the slave trade or a history as a supplier to the City of Detroit.

- Liberty Mutual – There was no evidence an active contract, however they are listed as a one-time supplier in 2016-2018 and in 2020.
- Massachusetts Mutual Life Insurance Company (MassMutual) – No evidence of an active contract, but this entity is listed as a supplier in 2020.
- MetLife Insurance – There was no evidence of an active contract: but they are listed as a one-time supplier in 2016, 2018, and 2022. They also have a few subsidiaries listed as suppliers, including:
    - MetLife Assignment Company, Inc
    - MetLife Auto & Home
    - MetLife Tower Resources Group, Inc
- Progressive & Prudential – No active contracts were found, but both entities are listed as a potential supplier, Progressive in 2016 & Prudential in 2020. We are unable to determine if this is the insurance company or possibly another business named Progressive or Prudential.
- State Farm, there is no evidence of an active contract, but they are listed as a one-time supplier in 2016, 2017, 2021, and 2024, including several subsidiaries:
    - State Farm bank
    - State Farm Mutual Auto Insurance
- Berkshire Hathaway – There was no evidence of an active contract
- Northwestern Mutual Life Insurance Company – No evidence of an active contract

We would like to note that the Legislative Policy Division does not presently possess information relative to the total quantity of contractors/vendors doing business with the City of Detroit. In considering the number of city departments, as well as the vast array of goods and services purchased by the city, this sum could be quite large. In order to do business with the City of Detroit, all businesses must comply with the Slavery Era Records and Insurance Disclosure Ordinance provisions. This means that all businesses that contract, or have had a contract, with the city since the ordinance was enacted have been required to submit a signed slavery era records and insurance disclosure affidavit. The submitted affidavits are on file with the Office of Contracting and Procurement (OCP).

While OCP may have a database containing the relevant information, LPD is presently unaware of whether one exists or of what it may contain. Below you will find the series of questions posed by DRTF. LPD has forwarded these questions to Office of Contracting and Procurement and are awaiting responses.

1. What is the approximate universe of contractors or vendors doing business with the City of Detroit?
2. Have each of the businesses (contractors or vendors) complied with the provisions of the Slavery Era Records requirement?
3. How many contractors or vendors have disclosed a relationship under the provisions of the Slavery Era Records requirements?
4. Is there a searchable database of affidavits reflecting data under the Slavery Era Records requirements?
5. Is there a cumulative listing of businesses (companies or vendors) that have made disclosures under the Slavery Era Records requirements?

The City of Detroit's economic development data, including the economic impact derived from preferential tax programs are primarily the responsibility of two entities, the Detroit Economic Growth Corporation (DEGC) and the Department of Civil Rights, Inclusion and Opportunity (CRIO). This includes the institution, authority, and oversight of such programs and projects. The DEGC is a quasi-public agency which operates as the City's economic development catalyst. CRIO, formerly the Human Rights Department, operates as the city's enforcement arm, responsible for verifying compliance with various development agreements and executive orders pertaining to construction projects.

As the Legislative Policy Division is not the depository of the documents and information you have requested, we must obtain this information from the relevant departments, and we have made attempts to do so. Though we are not certain that the requested records exist in a form that would be of utility to the task force, we will continue to provide any information relative to your request as it is received.

Per your previous request, we have attached documents relative to Slavery Records and Executive Order 2024-2, which governs and outlines the powers and authority given to CRIO to enforce agreements related to construction projects in the city. In addition, there is a link to CRIO's Project Metrics Dashboard. The information found on the dashboard pertaining to construction activities and compliance will assist with answering many of the questions DRTF presented regarding developer hiring goals, compliance, and workforce contributions made by developers who fell short of hiring goals.

If the DRTF has any additional questions or concerns that the Legislative Policy Division may be able to address, we remain prepared to assist.

2016-1 Dashboard – EO Project Metrics

PDF
Subcommittee on oversight and invest

PDF
Subcommittee on oversight and invest

PDF
EO 2024-2 (Attachment 3).pdf

MAXINE WATERS, CA
CHAIRWOMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

PATRICK MCHENRY, NC
RANKING MEMBER

December 2, 2022

Memorandum

To: Members, Committee on Financial Services
From: FSC Majority Staff
Subject: December 7, 2022, Subcommittee on Oversight and Investigations Hearing entitled, "An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement, Part Two"

The Subcommittee on Oversight and Investigations will hold a hearing entitled, "An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement, Part Two" on Wednesday, December 7th at 10:00am E.T. in room 2128 of the Rayburn House Office Building/ Cisco Webex. There will be one panel with the following witnesses:

- **William A. Darity, Jr.**, Professor of Public Policy, Duke University
- **Dania V. Francis**, Assistant Professor of Economics, University of Massachusetts Boston
- **Lily Roberts**, Managing Director, Poverty to Prosperity, Center for American Progress
- **Seth Rockman**, Associate Professor of History, Brown University
- **Sarah Federman**, Assistant Professor of Conflict Resolution, University of San Diego

Overview

On April 5, 2022, Representative Al Green, Chairman of the Subcommittee on Oversight and Investigations, Committee on Financial Services (the "Subcommittee"), held a hearing entitled, "An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement." In this hearing, a panel of academics and professionals provided details on the history of financial institutions' involvement in slavery and the lasting impacts of this involvement on the U.S. economy and financial system.[1] On June 7, 2022, Chairwoman Waters and Subcommittee Chairman Green, along with other Members of the Subcommittee, sent an inquiry to ten of the largest banks and ten of the largest insurance and insurance holding companies in the U.S.[2] The inquiry requested information pertaining to each institution and its predecessors' involvement in chattel slavery and related businesses prior to December 6, 1865, when the 13th Amendment to the U.S. Constitution was ratified and slavery was abolished in the U.S. [3] The letter also inquired whether and to what extent each entity had conducted a review of this history. The letter is included as Appendix A of this memo. The goal of the letter was to investigate the extent to which the banking and insurance industries benefited from and contributed to the generations of unpaid labor in the U.S. economy, and to explore steps that have been taken, or should be taken, to atone for such involvement.

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[1] House Committee on Financial Services, *Hearing on An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement* (Apr. 05, 2022).

[2] Pursuant to legislative and oversight authority under House Rule X (2), 117th Congress and Rule 5 (F) of the Committee on Financial Services ("Committee"), 117th Congress. The other signers were Chair Brad Sherman of the Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets, Chair Emanuel Cleaver, II of the Subcommittee on Housing, Community Development, and Insurance, Chair Ed Perlmutter of the Subcommittee on Consumer Protection and Financial Institutions, Chair James A. Himes of the Subcommittee on National Security, International Development, and Monetary Policy, Chair Joyce Beatty of the Subcommittee on Diversity and Inclusion, Chair Bill Foster of the Task Force on Artificial Intelligence, and Chair Stephen F. Lynch of the Task Force on Financial Technology.

[3] In the letter, "predecessor institution" was defined as being affiliated through merger, acquisition, or other form of absorption.

The responses that the Committee received to this letter showed that only a few of the financial institutions included in the inquiry have conducted a review of their historic involvement in slavery, and that those that have done so, only did so to comply with the City of Chicago's Business, Corporate and Slavery Era Insurance Ordinance (the "Chicago Ordinance")[4] or other similar state and local laws. Only two firms have provided forms of remediation directly connected to their historical involvement with slavery. This memo includes a detailed summary of the responses that the Committee received.

Background on Financial Institutions' Involvement in Slavery

The witnesses at the June 2022 Subcommittee hearing testified regarding the history of enslaved people as financial investments.[5] For centuries, the term "chattel" was generally used to describe enslaved people, categorizing them as a uniquely valuable form of property that was essential to the industries that drove the U.S. and world economy.[6] The value of enslaved people was calculated by financial institutions from birth to death, including for the purposes of obtaining insurance policies on their lives as well as for collateral on loans.[7] As a result, the economic value of slavery spread beyond plantations and agriculture to banking, finance, and insurance, among other connected industries.[8] Moreover, financial institutions not only benefited from slavery, but were critical in perpetuating it in the form of providing capital and access to financial markets.[9] The pervasive nature of the financial instruments associated with slavery and the corresponding economic impacts make it difficult to accurately estimate the overall monetary value of slavery, not only in terms of forced labor at the time, but also the immediate and lasting benefits experienced by businesses across sectors and industries.[10]

After slavery was abolished in 1865, the effects of this history, and the systemic racism and oppression that followed, continued to permeate the overall economy and the economic opportunities of Black people. The racial wealth gap is a primary example of the persistence of economic inequality that can be traced directly to slavery.[11] Current data show how racial economic inequality extends to home ownership, financial assets, and educational opportunities to this day.[12] Centuries of forced labor, facilitated by the financial industry that stepped in to create products that allow White people to leverage the value of slaves to gain wealth via cruel exploitation, continue to cast a dark shadow on our economy and financial industry to this day.[13]

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[4] Sabrina L. Miller et al., *New Chicago law requires firms to tell slavery links*, Chicago Tribune (Oct. 03, 2002).

[5] House Financial Services Committee, *Written Testimony of Dr. Daina Ramey Berry*, *An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[6] Chattel is defined as "an item of tangible movable or immovable property." *See* Merriam-Webster, "Chattel" (accessed on Nov. 23, 2022); House Financial Services Committee, *Written Testimony of Dr. Daina Ramey Berry*, *An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[7] House Financial Services Committee, *Written Testimony of Dr. Daina Ramey Berry*, *An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[8] House Financial Services Committee, *Written Testimony of Dr. Sven Beckert*, *An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[9] House Financial Services Committee, *Written Testimony of Dr. Sven Beckert*, *An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[10] Mark Stelzner and Sven Beckert, *The Contribution of Enslaved Workers to Output and Growth in the Antebellum United States*, Washington Center for Equitable Growth (Jun. 24, 2021).

[11] House Financial Services Committee, *Written Testimony of Dr. William Darity, Jr.*, *An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[12] House Financial Services Committee, *Written Testimony of Dr. William Darity, Jr.*, *An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[13] House Financial Services Committee, *Written Testimony of Nikitra Bailey*, *An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

Banks

Table 1: Summary of Responses from Banks to HFSC Inquiry

Bank:	Review completed?	Year:	Updated review?	Year:	Connection to slavery?	Type of connection:	Findings provided:	Remediation:
Bank of America	Yes	2005	No	N/A	Yes	Loan collateral	Full report	None
BNY Mellon	Yes	2005; 2007	No	N/A	Yes	Loan collateral	Report summaries	None
Capital One	Yes	2017	N/a	N/A	Yes	Loan collateral; possession upon default	Full report	None
Citigroup	Yes	"Early 2000s"	Yes	"Currently"	None found	None found	Chart of predecessors	None
Goldman Sachs	No	N/A	No	N/A	Unknown	Unknown	None	None
JP Morgan Chase	Yes	2005	No	N/A	Yes	Loan collateral; possession upon default	Summary	$5 million scholarship fund
PNC	Yes	2006	Yes	Unknown	Yes	Loan to slaveholding company	Summary	None
Truist	Yes	Unknown	Yes	2022	Yes	Financing of slavery	Summary	Public acknowledgment
U.S. Bancorp	Yes	2005	Yes	Unknown	Yes	Loan collateral	Report summary, filing and appendices	None
Wells Fargo	Yes [Wachovia]	2005	No	N/A	Yes	Capital; investments; labor; loan to collateral; possession upon default; business dealings	Wachovia report	None

Bank of America

Bank of America stated that in 2005, an independent review was conducted by the Heritage Research Center, Ltd. into the involvement of Bank of America and its predecessor institutions in the practice of slavery. In the review, Heritage Research Center identified 63 predecessor banks that had been chartered prior to 1865 and primarily located where slave ownership was permitted.[14] The report found that one such institution, Bank of the Metropolis in the District of Columbia, accepted a loan request in January 1840 from U.S. Secretary of State John Forsyth for $10,000 to be secured by 43 enslaved people. Adjusted for inflation, $10,000 is worth approximately $294,866 in 2022.[15] However, a subsequent

[14] The report stated that these institutions were not acquired by Bank of America directly but rather acquired by other institutions that were later acquired by Bank of America. The Subcommittee nonetheless considers these to be predecessor institutions to Bank of America.
[15] Based on data from the Federal Reserve Bank of Minneapolis – Federal Reserve Bank of Minneapolis, "Consumer Price Index, 1800- " (accessed on Nov. 22, 2022).

proposal was accepted with no record of enslaved people as collateral. Also, the Southern Bank of St. Louis and the Boatmen's Savings Institution in St. Louis, MO, secured a mortgage from a Charles McLaran against real and personal property with enslaved people listed among his personal property, but the report stated that no further records evidenced the transaction.

The 2005 review was completed as a requirement of the Chicago Ordinance. Further review has not been completed since that time, including in response to the Committee's inquiry or of any acquisitions subsequent to 2005, which includes LaSalle Bank, U.S. Trust, Countrywide Financial, and Merrill Lynch & Co. Bank of America acquired LaSalle Bank and U.S. Trust in 2008 and Countrywide Financial and Merrill Lynch in 2009. Research by the Committee shows that U.S. Trust was founded in 1853,[16] prior to ratification of the 13th Amendment.

Bank of New York Mellon

BNY Mellon was formed in 2007 when The Bank of New York, established in 1784, merged with Mellon Financial Corporation, established in 1870. In 2005, Mellon Financial Corporation commissioned History Associates, Inc. to conduct research into its historical connections to slavery, and a report was completed in 2006. History Associates found that of 175 predecessor institutions, 24 were founded prior to ratification of the 13th Amendment in December 1865, including one founded in a slave-holding state. It reported that there was no indication of direct involvement in slavery by the predecessor institutions, although senior officers of Farmers Bank of the State of Delaware may have owned slaves individually.

In 2007, History Associates completed a commissioned report for The Bank of New York on its historical connections to slavery. It identified 35 predecessor banks established before 1866. History Associates reported that there was no evidence of a predecessor having ties to the slave trade or goods produced through slavery. However, in one instance a loan was secured by a mortgage that was collateralized by a plantation and enslaved people.

BNY Mellon stated that the above reviews were conducted to comply with local laws, and that no further material review has occurred since the completed merger due to limited U.S. acquisitions after that time, which was indicated by the Subcommittee's review.

Capital One

Capital One stated that in 2017 it commissioned History Associates, Inc. to review its business activity during the slavery era, also in compliance with the Chicago Ordinance. Of the 257 predecessor banks identified to be in existence prior to January 1, 1866, Union Bank of Louisiana was found to have had a connection to chattel slavery by accepting 8,149 enslaved people as collateral for loans and coming into possession of 437 enslaved people. The report included the names of enslaved people owned by Union Bank of Louisiana from its founding in 1832 until the abolition of slavery in 1865. The report also included a list of transactions whereby enslaved people were pledged as collateral for mortgages or loans. Capital One stated that it has not acquired any additional financial institutions since the 2017 report, which is confirmed by the Committee's review.

Citigroup

Citigroup stated that it was originally chartered as the City Bank of New York on June 16, 1812. It provided a multipage chart divided into three sections detailing Citigroup's complex history of mergers, acquisitions, and name changes dating from 1812 to 2011. With regard to a historical connection to slavery, Citigroup responded that inquiries were made "in the early 2000s" into corporate archives, and the review "did not identify evidence of any business dealings or investments that could be discerned as

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[16] Michael J. De La Merced, *Bank of America to Acquire U.S. Trust for $3.3 Billion*, The New York Times (Nov. 20, 2006).

involving slavery."[17] Citigroup did not provide any documentation or material pertaining to this review that occurred approximately 20 years ago. Citigroup also stated that, "in light of new scholarly research," an updated review is being conducted, but it still failed to provide any information about said review.[18] The Committee requested further information about both the past and current reviews, and nothing was provided.

Goldman Sachs

Goldman Sachs stated that it was founded in 1869 and none of its acquisitions existed prior to 1874. Therefore, Goldman Sachs concluded, "[b]ased on internal records and research and to the best of [its] knowledge," it had no past involvement in slavery. [19] However, the response went on to state that Goldman Sachs had not conducted any review or audit about its past involvement in slavery. Moreover, Goldman Sachs declined to provide the Committee with basic information about any of its alluded to acquisitions, including those with historical origins in the 1800s.

JPMorgan Chase

JPMorgan stated that it had begun researching this issue in 2003, and an independent report released in 2005 to comply with the Chicago ordinance concluded that two predecessor banks had business connections to slavery. Canal Bank, founded in 1831, and Citizens Bank, founded in 1833, were based in Louisiana and provided banking services to plantations. This included accepting approximately 13,000 enslaved people as collateral for loans as well as taking possession of approximately 1,250 enslaved people upon default on those loans. The report was released in 2005, and JPMorgan has made multiple acquisitions since that time, including Bear Stearns and Washington Mutual in 2008, but no further review has been conducted about the history of these acquired banks' involvement in slavery.

In 2005, JPMorgan released and publicly apologized for this historical connection to slavery, and it established a $5 million scholarship fund for Black students in Louisiana. According to the Committee's analysis, the $5 million scholarship fund established in 2005 was worth approximately $247,060.82 in 1833,[20] which amounts to approximately $19 per enslaved person of the 13,000 accepted as collateral for loans and $197.64 per enslaved person of the 1,250 that were taken into possession. JPMorgan is one of only two financial institutions included in the Committee's inquiry that took affirmative steps to atone for its historic involvement in slavery.

PNC Financial Services Group

PNC stated that it had commissioned a report by the History Factory in 2005 to investigate its historical ties to slavery.[21] The review found that 43 predecessor institutions were founded on or before 1865, and none of them were determined to have profited directly from slavery, including by owning enslaved people or accepting them as collateral for loans. PNC stated that this report was completed in 2006, and it has continued this review into new acquisitions. Accordingly, PNC identified 50 more banks founded prior to 1870.[22] Among these, National Bank of Kentucky, which was founded in 1834 in Louisville, KY, had profited from slavery, including through a loan of $135,000 in 1852 to a railroad company that used slave labor. Adjusted for inflation, $135,000 is worth approximately $4,776,840 in

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[17] Citigroup response to Committee inquiry (Jun. 23, 2022) (on file with Committee).
[18] *Id.*
[19] Goldman Sachs response to Committee inquiry (Jun. 22, 2022) (on file with Committee).
[20] Based on data from the Federal Reserve Bank of Minneapolis – Federal Reserve Bank of Minneapolis, "Consumer Price Index, 1800-"(accessed on Nov. 22, 2022).
[21] PNC Financial Services Group, Inc. response to Committee inquiry (Jun. 21, 2022) (on file with Committee).
[22] By 1870, the last of the Confederacy states had re-entered the Union.

2022.[23] PNC indicated that its reviews have been done to comply with state and local laws, and it did not provide its 2006 report or subsequent review materials to the Committee in response to the inquiry.

Truist Financial Corporation

Truist stated that it had identified over 800 predecessor institutions, 19 of which were chartered before ratification of the 13th Amendment. Five of those institutions had engaged in the financing of slavery, and three had provided financing for the sugar cane, tobacco, or cotton industries, which relied on slave labor. Truist previously acknowledged this history in 2020 and most recently in 2022, when CEO William Rogers, Jr. stated that "we had to acknowledge our history…the benefits our company received…through the efforts of enslaved people is just irrefutable."[24] However, Truist provided no further information or documentation to the Committee regarding any predecessor institutions. Its response stated that it sought to answer the inquiry "with as much specificity as possible," yet no specifics about the predecessor institutions were provided.[25] Moreover, Truist stated that it "ha[s] not undertaken a full historical audit" regarding the matter and "does not currently plan to conduct an additional, separate review or audit."[26]

U.S. Bancorp

U.S. Bancorp stated that third-party research was conducted in 2005 regarding its historical connection to slavery. That review identified 542 predecessor institutions, 34 of which were founded before the abolition of slavery in December 1865, and 13 were in states or territories that permitted slavery. U.S. Bancorp stated that this research revealed no indication that the bank had direct involvement in slavery, except for individual founders or directors. However, the response goes on to state that two predecessor banks – Merchants Bank and the Bank of St. Louis, both founded in 1857 – accepted enslaved people as collateral for a loan to Charles McLaran.[27] U.S. Bancorp stated that its review was completed to comply with state and local laws, and it has reviewed entities formed or acquired since 2005 with no relevant results. U.S. Bancorp provided the summary, filing, and appendices of the 2005 report, but no material pertaining to subsequent reviews. The review does not appear to capture all of U.S. Bancorp's history as the Committee's research identified its predecessors dating from 1836 and multiple acquisitions since 2005.

Wells Fargo

Wells Fargo stated that it was founded in 1852 and an original board member was a known abolitionist. It stated that it acquired Wachovia in 2009, which had commissioned research into, and apologized for, its historical connections to slavery in 2005 in compliance with the Chicago Ordinance,. Among other findings by Wachovia of its predecessor institutions, founders of Bank of North America used profits from the slave trade for the bank's establishment, and Farmers' and Mechanics' Bank invested in a railroad company that used slave labor. Georgia Railroad & Banking Company directly used slave labor, including 162 enslaved people to be purchased and 400 enslaved people used by contractors. "The total valuation of slaves held by the company was assessed in 1842 and 1843 at $48,925.50."[28] This amount is worth approximately $1,545,696.33 in 2022.[29] Bank of Charleston accepted enslaved people as collateral in at least 24 transactions, took possession of enslaved people upon default on loans, and

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[23] Based on data from the Federal Reserve Bank of Minneapolis – Federal Reserve Bank of Minneapolis, "Consumer Price Index, 1800- "(accessed on Nov. 22, 2022).
[24] Truist Financial Corporation response to Committee inquiry (Jun. 24, 2022) (on file with Committee).
[25] *Id.*
[26] *Id.*
[27] The same borrower and loan described by Bank of America on p. 1.
[28] Wells Fargo & Company response to Committee Inquiry (Jun. 27, 2022) (on file with Committee).
[29] Based on data from the Federal Reserve Bank of Minneapolis – Federal Reserve Bank of Minneapolis, "Consumer Price Index, 1800- "(accessed on Nov. 22, 2022).

engaged in business and investments with the Confederacy that by 1862 "exceeded $1.5 million."[30] That amount is worth $44,230,000 in 2022.[31]

Apart from the Wachovia report, Wells Fargo does not appear to have conducted a review on its own, including since 2005. Wells Fargo noted that it was founded in 1852, and it has made various acquisitions since that time, but it referenced no review or investigation regarding this matter other than Wachovia's.

Insurance Companies

Table 2: Summary of Responses from Insurance and Insurance Holding Companies to HFSC Inquiry

Company:	Review completed?	Year:	Updated review?	Year:	Connection to slavery?	Type of connection:	Findings provided:	Remediation:
Allstate	Yes	Unknown	No	N/A	None found	None found	List of predecessors	None
Berkshire Hathaway	No	N/A	No	N/A	Unknown	Unknown	None	None
Liberty Mutual	No	N/A	No	N/A	Unknown	Unknown	None	None
MassMutual	No	N/A	No	N/A	Unknown	Unknown	None	None
MetLife	Yes	2000	Yes	2022	None found	None found	Summary	None
Northwestern	Yes	2022	N/A	N/A	None found	None found	Summary	None
New York Life	Yes	2000	No	N/A	Yes	Insurance policies	Summary	Donation of records
Progressive	No	N/A	No	N/A	Unknown	Unknown	List of predecessors	None
Prudential	Yes	Unknown	No	N/A	None found	None found	None	None
State Farm	No	N/A	No	N/A	None found	None found	None	None

Allstate Insurance Company

Allstate stated that it was established in 1942 by Sears Roebuck and Co., which was founded in 1892, and therefore it has no known connection to slavery. They also stated that this was confirmed by a "recent thorough review."[32] However, Allstate did not provide any further information or documentation regarding this review. It did provide a list of 20 acquired institutions and three created institutions, but little additional information was provided other than the years founded or acquired for each entity.

Berkshire Hathaway Group of Insurance Companies

Berkshire Hathaway's response stated that "Berkshire Hathaway is a holding company and it is not engaged in insurance," but also that it "owns a number of insurance companies that offer insurance in the

[30] Wells Fargo & Company response to Committee Inquiry (Jun. 27, 2022) (on file with Committee).
[31] Based on data from the Federal Reserve Bank of Minneapolis – Federal Reserve Bank of Minneapolis, "Consumer Price Index, 1800- " (accessed on Nov. 22, 2022).
[32] Allstate Insurance Company response to Committee inquiry (Jun. 24, 2022) (on file with Committee).

United States."[33] The response states that "none of our U.S. insurance companies existed before 1865... with two minor exceptions." One of the minor exceptions briefly mentioned by Berkshire Hathaway is the EastGUARD Insurance Company, a mutual fire insurance company at the time of incorporation in Maine in 1827. However, fire insurance companies regularly offered policies on the lives of enslaved people, including because they often engaged in inherently hazardous work.[34]

Nevertheless, Berkshire Hathaway did not provide, nor had it attempted to collect, any further information about EastGUARD's historical involvement in slavery. Berkshire Hathaway stated that it "has not conducted, and does not plan to conduct in the future, a review or audit of any insurance activities related to slavery in the United States."[35]

Liberty Mutual Insurance Company

Liberty Mutual stated that it was founded in 1912 to provide workers compensation insurance, but three acquisitions that provided property and casualty insurance were established before December 6, 1865. Liberty Mutual responded that no review or audit regarding its past involvement in slavery has been conducted, but it conceded that further research may be needed regarding the business lines of the three acquired entities it noted.

Massachusetts Mutual Life Insurance Company (MassMutual)

MassMutual responded that it has not conducted a review regarding past involvement in slavery, but it nonetheless has no knowledge of providing services to industries related to slavery. MassMutual also claimed uncertainty about the Committee's definition of the term "predecessor institution," despite the description provided in item number two of the inquiry. MassMutual originated in 1851 to sell life insurance policies, which were regularly issued for enslaved people, and research indicates that MassMutual expanded throughout the U.S. in the mid-1800s.

MetLife Insurance Company

MetLife stated that it searched internal records in response to the inquiry and that it had conducted similar research in 2000, and it found no connections to slavery or slavery related industries. This was despite its original predecessor being founded in 1863 and a subsequent merger with New England Mutual Life Insurance Company, which was founded in 1835. As part of the research done in 2000, a review of New England Mutual's history also revealed no connection to slavery. However, MetLife did not provide any documentation of its recent or prior reviews, and it stated that it does not intend to conduct any further audit into the matter.

Northwestern Mutual Life Insurance Company

Northwestern Mutual responded that, although it was originally founded in 1857, its review did not reveal any historical connections to slavery. It responded in detail to the Committee's inquiry regarding predecessor institutions, specifically acquisitions, and none were founded before 1919. Northwestern Mutual stated that its original business model would not have covered slavery related industries, except perhaps indirectly via the activities of a policyowner. It also stated that it previously conducted a review into the matter but did not specify when. No connection to slavery was revealed from that review,

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[33] Berkshire Hathaway Inc. response to Committee inquiry (Jun. 09, 2022) (on file with Committee); Berkshire Hathaway Inc. response to Committee inquiry (Jun. 09, 2022) (on file with Committee); Per the Berkshire Hathaway website, the company has 15 subsidiary insurance companies including Berkshire Hathaway Direct Insurance Company (THREE), Berkshire Hathaway Specialty Insurance, GEICO Auto Insurance, and United States Liability Insurance Group. *See* Berkshire Hathaway Inc. "Berkshire Hathaway Inc." (accessed on Nov. 22, 2022).

[34] Encyclopedia Virginia, Slave Insurance (accessed Nov. 22, 2022).

[35] Berkshire Hathaway Inc. response to Committee inquiry (Jun. 09, 2022) (on file with Committee).

including for reasons of geographic limitation and limited product line and coverage. However, Northwestern Mutual declined to provide any documentation of this review to the Committee.

New York Life Insurance Company

New York Life's response stated that per a legally required review in 2000, it does have a historical connection to slavery. Specifically, the company was originally founded in 1845, and from 1846 to 1848 it insured the lives of 520 enslaved people. It also paid claims on the policies of 15 enslaved people who died, which, adjusted for inflation, was estimated to be $232,000 in 2016[36] and is $284,563.50 in 2022.[37] New York Life stated that in 2002, after learning of this history, it donated its related records to the Schomburg Center for Research in Black Culture, which is part of the New York Public Library, and it is currently working with the Center to digitize the donated records.

Progressive

Progressive stated that it was originally founded in 1937 and that its oldest acquisition, the National Continental Insurance Company, was incorporated in 1897. Therefore, it stated that due to its and its subsidiaries' founding dates, it had no connection to the slavery related industries of sugar cane, tobacco, and cotton production. However, Progressive also indicated that it would not conduct a review or audit into the matter.

Prudential Financial, Inc.

Prudential stated that it was originally chartered in 1873 and has "not merged [with] or acquired a large number of entities" during its history.[38] Therefore, it stated that there is no indication of a historical connection to slavery, and that it does not expect to conduct a review or audit into the matter. However, the Committee's review found connections to Wachovia, which has documented ties to slavery as explained above, and with Cigna, which was formed by companies founded in 1792 and 1865.

State Farm Insurance

State Farm stated that it was founded in 1922, and its oldest acquisition was founded in 1978. Therefore, it stated that it has no connection to slavery-related industries. The company neither conducted nor does it have plans to conduct any review or audit into its past involvement in slavery. However, the Subcommittee's research found that in 2020 State Farm partnered with U.S. Bancorp,[39] which has a known connection to slavery described above.

Legislation

- **H.R.___**, *to amend the Securities Exchange Act of 1934 to require covered issuers to carry out a racial equity audit every 2 years, and for other purposes*. This bill would require public companies to conduct an independent audit assessing: the issuer's policies and practices on civil rights, equity, diversity, and inclusion; how such policies and practices affect the issuer's business; and whether the issuer had direct or indirect ties to or profited from the institution of slavery. Issuers must report assessment findings in its filings and on the company website. To the extent that these institutions did have ties to or benefited from slavery, they would be required to disclose what steps they have taken to reconcile. Additionally, the bill establishes the Offices of Reparations Programs within the Department of the Treasury to administer programs determined appropriate by the Secretary in furtherance of racial equity.

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[36] Rachel L. Swarns, *Insurance Policies on Slaves: New York Life's Complicated Past*, The New York Times (Dec. 18, 2016).
[37] Based on data from the Federal Reserve Bank of Minneapolis – Federal Reserve Bank of Minneapolis, "Consumer Price Index, 1800-"(accessed on Nov. 22, 2022).
[38] Prudential Financial, Inc. response to Committee inquiry (Jul. 19, 2022) (on file with Committee).
[39] U.S. Bank, *U.S. Bank and State Farm offer customers new business banking products* (Oct. 27, 2021).

MAXINE WATERS, CA
CHAIRWOMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

PATRICK MCHENRY, NC
RANKING MEMBER

March 30, 2022

Memorandum

To: Members, Committee on Financial Services
From: FSC Majority Staff
Subject: April 5, 2022, Subcommittee on Oversight and Investigations Subcommittee Hearing entitled, "An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement"

The House Financial Services Committee, Subcommittee on Oversight and Investigations will hold a hybrid hearing entitled, "An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement," on Tuesday, April 5, 2021, at 2:00 pm ET in Rayburn House Office Building 2128 and meeting platform Cisco WebEx. There will be one panel with the following witnesses:

- **Dr. Daina Ramey Berry**, Oliver H. Radkey Regents Professor and Chair of the Department of History, University of Texas at Austin
- **Dr. William A. Darity, Jr.**, Samuel DuBois Cook Professor of Public Policy, African and African American Studies, Economics, and Business, Duke University
- **Dr. Sven Beckert**, Laird Bell Professor of History, Harvard University
- **Nikitra Bailey**, Senior Vice President of Public Policy, National Fair Housing Alliance
- **Dr. Sarah Federman,** Assistant Professor at the School of Public and International Affairs, University of Baltimore

Overview

This hearing will examine the role of financial institutions in the practice of slavery in the United States. Historical records have shown that banks provided lending to purchase enslaved people and accepted enslaved people as collateral for loans. In certain known instances of default on said loans, banks took ownership of enslaved people and were in the position of potentially selling them to another owner. Certain insurance companies wrote policies on enslaved persons and provided payment upon an enslaved person's death for the slaveholder to seek a replacement.[1] The financing of slavery also resulted in business gained and capital accrued by such institutions that continue to exist to this day or that have been merged with or acquired by existing institutions, such as J.P. Morgan Chase and Citibank, as detailed in existing literature on this topic:

> As the American financial system matured, a wide range of domestic banks [sought to profit from the slave trade]. Two of these, Citizens' Bank and Canal Bank of Louisiana, which accepted roughly 13,000 slaves as collateral and came to own well over a thousand slaves outright, were destined to become cogs in the great financial wheel of J. P. Morgan Chase. Likewise, Moses Taylor, director of the City Bank of New York, the forerunner of Citibank, managed the monetary

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[1] Rachel L. Swarns, *Insurance Policies on Slaves: New York Life's Complicated Past*, The New York Times (Dec. 18, 2016).

fruits of the endless exertions of slaves on large sugar plantations and was also deeply involved in the illicit importation of slaves into Cuba.[2]

This hearing will also examine whether and to what extent financial institutions that financed and profited from slavery have taken or, should be required to take, actions to redress their participation in and ill-gotten benefits from the slave trade and the lasting harms to the descendants of and communities affected by slavery. First, to begin contemplating what form this atonement might take, a fuller historical reckoning must be conducted by banks, investment firms, and insurance companies to determine the extent of their involvement in financing slavery. Then, an assessment should be made as to the most meaningful and impactful atonement that might be provided by these institutions. Much of the examination of these matters has been in the context of a narrow set of laws applied to a very small number of institutions, as reviewed below. This hearing will attempt to elucidate upon the history of the financing of slavery and advance forward the cause of atonement for those financial practices.

Background

In recent decades, various individual financial institutions' involvement in slavery has become known and publicized. In certain instances, the companies learned details of their historical involvement while complying with a 2002 law enacted by the **City of Chicago** requiring that companies doing business with Chicago disclose their involvement with slavery.[3] The **Business, Corporate and Slavery Era Insurance Ordinance** (the "Chicago Ordinance") requires that:

> Each contractor with whom the city enters into a contract, whether subject to competitive bid or not, must complete an affidavit verifying that the contractor has searched any and all records of the company or any predecessor company regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era. The names of any slaves or slaveholders described in those records must be disclosed in the affidavit. The chief procurement officer shall make the information available to the public and provide an annual report to the city council.[4]

In compliance with the Chicago Ordinance, in 2005, **Wachovia Corp.** disclosed that its predecessor institutions, the Bank of Charleston and the Georgia Railroad and Banking Company, had owned enslaved people.[5] Wachovia learned through transactional records that the Bank of Charleston had accepted at least 529 enslaved persons as collateral for loans, and it acquired ownership of an undetermined number of these persons when clients defaulted on those loans.[6] The Bank of Charleston originated in South Carolina in 1818; by 1860 it was among the largest financial institutions in the southeastern United States; in 1926 it was consolidated with other banks to form the South Carolina National Bank (SCNB); and SCNB was acquired by Wachovia in 1991.[7] Wachovia also disclosed that the George Railroad and Banking Company owned at least 162 enslaved people. The Georgia Railroad and Banking Company was originally chartered in 1833, operated throughout the Civil War, and merged

[2] James C. Cobb, *Cleansing American Culture of Ties to Slavery Will Be Harder Than You Think*, TIME Magazine (Mar. 30, 2016).
[3] Sabrina L. Miller et al., *New Chicago law requires firms to tell slavery links*, Chicago Tribune (Oct. 03, 2002).
[4] Chicago Code § 2-92-585 (2004).
[5] *Wachovia apologizes to black Americans*, The Associated Press (Jun. 02, 2005).
[6] *Id.*
[7] Caryn E. Neumann, *Bank of Charleston / South Carolina National Bank 1818-1991*, South Carolina Encyclopedia (May 17, 2016).

with First Union Corporation in 1986, which merged with Wachovia in 2001. Wachovia was acquired by **Wells Fargo & Co.** in 2008.[8]

Also, in compliance with the Chicago Ordinance, in 2005, **J.P. Morgan Chase & Co.** revealed that, as noted above, two predecessor institutions in Louisiana – the Citizens' Bank of Louisiana and Canal Bank – accepted up to 13,000 enslaved people as collateral for loans and took ownership of approximately 1,250 of these individuals due to loan defaults.[9] The Citizens' Bank of Louisiana was chartered in 1833 with a $12 million capitalization that made it the second-largest bank in the United States.[10] Canal Bank was initially formed in 1831 to finance the New Basin Canal in New Orleans, Louisiana.[11] The two banks merged in 1924, then collapsed in 1933 during the Great Depression. The assets were acquired by the National Bank of Commerce in New Orleans, a predecessor of Bank One Corp. J.P. Morgan Chase acquired Bank One in 2004.[12]

Similar to the Chicago Ordinance, the **California Slaveholder Insurance Policy Act** enacted in 2000 requires insurance companies doing business in California to provide information regarding records of slaveholder insurance policies issued by any predecessor corporation.[13] In compliance with the law, **New York Life Insurance Company** reported that under its previous name, Nautilus Mutual Life Insurance, the company wrote 508 insurance policies on enslaved persons.[14] The reporting requirement of the California Slaveholder Insurance Policy Act produced the **Slavery Era Insurance Registry Report** in 2002, which identified **Aetna Inc., AIG, Inc.**, and other insurance companies as having insured or potentially insured enslaved people.[15]

Similar laws have been enacted in other U.S. state and local jurisdictions:

- The **State of Illinois** passed a law in 2003 requiring any insurer doing business in the state to research and report on any records relating to insurance policies on enslaved persons.[16]

- The **Iowa** House of Representatives adopted a resolution in 2003 urging the Commissioner of Insurance to request slaveholder records from state-licensed insurance companies.[17]

- The **Maryland** General Assembly adopted a resolution in 2009 requiring authorized insurers to report on slaveholder insurance policies issued in the state.[18]

- A bill was introduced in the **North Carolina** House of Representatives in 2009 requiring companies contracting with the state to disclose any participation or profit from slavery.[19]

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[8] Wells Fargo, Wachovia Is Now Wells Fargo (accessed on Mar. 30, 2022).
[9] *JPMorgan: Predecessors linked to slavery*, The Associated Press (Jan. 21, 2005).
[10] The Citizens' Bank of Louisiana, The Historic New Orleans Collection (accessed on Mar. 30, 2022).
[11] Canal Bank and Trust Company of New Orleans, 100 Years Booklet, University of Louisiana at Lafayette - Edith Garland Dupre Library (accessed on Mar. 30, 2022).
[12] *JPMorgan: Predecessors linked to slavery*, The Associated Press (Jan. 21, 2005).
[13] Slavery Era Insurance Policies - SB 2199, California Department of Insurance, (May, 02, 2000).
[14] Rachel L. Swarns, *Insurance Policies on Slaves: New York Life's Complicated Past*, The New York Times (Dec. 18, 2016).
[15] California Department of Insurance, *Califronia Department of Insurance Slavery Era Insurance Registry Report to the California Legislature May 2002, at 4* - 6 (May 2002).
[16] Public Act 093-0333 2003 Ill. Laws (2003).
[17] House Resolution 29, I.A. Legis. (2003).
[18] Md. Code § 30-102 (2016).,
[19] House Bill 691, North Carolina General Assembly, Ch. 143 Art. 3 § 143-59.5 (2009).

- A 2003 **Los Angeles, California**, ordinance requires that entities seeking to engage in business with the City disclose all participation in and profit from slavery.[20]

- A 2004 **Philadelphia, Pennsylvania**, ordinance requires each entity contracting with the City to disclose records of investments, profits, or insurance policies from the slavery era.[21]

- A 2006 **San Francisco, California**, ordinance requires any insurance, financial services, or textile contractor with the City to disclose records evidencing participation in slavery.[22]

The above laws could only address the enormity of this history within the jurisdictions covered by the law. For instance, in response to the California Slavery Era Insurance Registry Report, Dr. Darnell Hunt, Professor and Dean of Social Sciences at UCLA, described the material as "an incremental but important step in recasting the national discussion of race and slavery."[23] Howard Dodson, Jr., then Director of the Schomburg Center for Research in Black Culture at the New York Public Library, "characterized the report as a 'piece of evidence,'" and "limited to insurance companies doing business in California currently, and does not include other industries that profited from slavery."[24] Some organizations, such as PolicyLink, a research and action institute, have proposed various methods by which banks could address the historical harms of slavery, redlining, and other forms of systemic racism, such as canceling consumer debt, eliminating banking fees, and providing interest-free mortgages and small business loans for Black customers.[26]

Prior Hearings and Legislation

The House Financial Services Subcommittee on Diversity and Inclusion introduced the following legislation in 2021. The Diversity and Inclusion Subcommittee considered this bill as part of its June 24, 2021, hearing entitled "The Legacy of George Floyd: An Examination of Financial Services Industry Commitments to Economic and Racial Justice."[27] That hearing also examined commitments that financial institutions have made to address historical racial inequity and economic disparity.

H.R.___, *to amend the Securities Exchange Act of 1934 to require covered issuers to carry out a racial equity audit every 2 years, and for other purposes*. This bill would require public companies to conduct an independent audit assessing: the issuer's policies and practices on civil rights, equity, diversity, and inclusion; how such policies and practices affect the issuer's business; and whether the issuer had direct or indirect ties to or profited from the institution of slavery. Issuers must report assessment findings in its filings and on the company website. To the extent that these institutions did have ties to or benefited from slavery, they would be required to disclose what steps they have taken to reconcile. Additionally, the bill establishes the Offices of Reparations Programs within the Department of the Treasury to administer programs related to down payment assistance,

[20] Ordinance No. 175346, Los Angeles Admin. Code, Ch. 1 Art. 15 (2003).
[21] Bill No. 040133-A, Philadelphia Code § 17-104 (2005).
[22] City and County of San Francisco, *Chapter 12Y: San Francisco Slavery Disclosure Ordinance* (Nov. 17, 2006).
[23] Dan Morain, *Slave Owners and Their Insurers Are Named*, Los Angeles Times (May 2, 2002).
[24] *Id.*
[26] Angela Glover Blackwell and Michael McAfee, *Banks Should Face History and Pay Reparations* (Jun. 26, 2021).
[27] House Committee on Financial Services, *The Legacy of George Floyd: An Examination of Financial Services Industry Commitments to Economic and Racial Justice*, 117th Cong. (Jun. 29, 2021) (Serial No. 117–34).

homeownership, startup capital, and funded savings programs for Black communities, as well other programs determined appropriate by the Secretary in furtherance of racial equity.

Related issues and legislation were also considered in the Full Committee hearing, "Holding Megabanks Accountable: An Update on Banking Practices, Programs, and Policies," on May 24, 2021.[28]

[28] House Committee on Financial Services, *Holding Megabanks Accountable: An Update on Banking Practices, Programs, and Policies*, 117th Cong. (May 27, 2021) (Serial No. 117–28).

EXECUTIVE ORDER NO. 2024 – 02

TO:	**ALL BOARDS, COMMISSIONS, DEPARTMENT DIRECTORS, CITY COUNCIL MEMBERS, AND CITY CLERK**
FROM:	**MICHAEL E. DUGGAN, MAYOR**
SUBJECT:	**UTILIZATION OF DETROIT RESIDENTS ON PUBLICLY-FUNDED CONSTRUCTION AND DEMOLITION/REHAB PROJECTS**
DATE:	**JULY 9, 2024**

WHEREAS, the economic revitalization of Detroit depends upon the employment of Detroit residents and the availability of a local skilled workforce; and

WHEREAS, it is the policy of this Administration to encourage and maximize employment opportunities for well-trained Detroit residents through contracts with the City and in projects funded or financially assisted by the City;

THEREFORE, this Executive Order directs any person or entity entering into a publicly-funded construction project or a publicly-funded demolition/rehab project to implement specific residency targets for its workforce, as follows. Other persons or entities doing business with the City, but not subject to this Executive Order, may voluntarily agree to be bound by some or all of the substantive requirements set forth herein.

1. The term "publicly-funded construction project," for purposes of this Executive Order, means:

(a) any construction project performed under a contract, the value of which is more than $3,000,000.00 (Three Million Dollars), made by the City with any person or entity; and

(b) any construction project for which the City, public or quasi-public entities affiliated with the City, or any of their agents or contractors provides funds or financial assistance via any of the following methods, where total value of such assistance is more than $3,000,000.00 (Three Million Dollars):

(1) The sale or transfer of land below its appraised value;

(2) Direct monetary support;

(3) Public contributions originated by the State of Michigan or its agencies, the United States government or its agencies, or any other non-City government entity, for which City approval is required and obtained; or

(4) Tax increment financing. For purposes of calculating the total assistance directly provided through tax increment financing, tax revenue that would have accrued to all government entities shall be counted.

2. The term "publicly-funded demolition/rehab project," for purposes of this Executive Order, means any demolition or rehabilitation of one or more residential buildings performed under the Proposal N Neighborhood Improvement Plan, under a contract, the value of which is more than $50,000 (Fifty Thousand Dollars), made by the City with any person or entity.

3. A "bona-fide Detroit resident," for purposes of this Executive Order, means an individual who can demonstrate residency in the City of Detroit as of a date at least thirty (30) days prior to the date the individual seeks to be employed on a publicly-funded construction project or publicly-funded demolition/rehab project. An individual may demonstrate residency by producing at least one item from each of the two lists below that includes an address located in the City of Detroit. Other forms of proof-of-residency may be accepted under unique circumstances.

(a) State of Michigan identification card, State of Michigan driver's license, or Detroit municipal ID; and

(b) Voter Registration Card, Motor Vehicle Registration, most recent federal, state, or City of Detroit tax return, lease/rental agreement, most recent utility bill or utility affidavit signed by a landlord with respect to a leased residence, or most recent municipal water bill.

4. All contracts with the City, and all sub-contracts thereof, for a publicly-funded construction project or a publicly-funded demolition/rehab project shall require at least 51% of the workforce for such project to be bona-fide Detroit residents. This requirement shall be referred to as the "Workforce Target." The Workforce Target shall be measured by the hours worked by bona-fide Detroit residents on the publicly-funded construction project or publicly-funded demolition/rehab project.

5. Developers, general contractors, prime contractors and subcontractors on publicly-funded construction projects and publicly-funded demolition/rehab projects are all required to comply with the terms of this Executive Order. Collectively, these entities are hereinafter referred to as "contractors." It is, however, the sole responsibility of the person or entity contracting directly with the City of Detroit to require all of its subcontractors either to (a) meet the Workforce Target; or (b) make the required contribution to the City's Workforce Training Fund, as provided in Paragraph 7 of this Executive Order. Contractors may utilize local unions, Detroit Employment Solutions Corporation, or other entities to help meet the Workforce Target. Failure to satisfy the requirements of this Executive Order shall constitute a material breach of contract and may result in the immediate termination of the contract.

6. Upon execution of a contract for a publicly-funded construction contract or publicly-funded demolition/rehab project, the City of Detroit's Civil Rights, Inclusion, and Opportunity Department ("CRIO") shall determine whether the Workforce Target in the contract shall be measured periodically either (a) monthly or (b) quarterly. This period shall be referred to as the "measurement period." Thereafter, for the duration of the construction project, the contractor shall, at the end of each measurement period, submit to CRIO a report indicating:

(a) The total hours worked on the project during the preceding measurement period ("total work-hours");

(b) The total hours worked on the project by bona-fide Detroit residents during the preceding measurement period; and

(c) If applicable, the amount by which the contractor fell short of meeting the Workforce Target. A contractor falling short of the Workforce Target shall report both (a) the raw number of total work-hours by which the contractor fell short of the Workforce Target ("shortage work-hours"); and (b) the percentage of total work-hours by which the contractor fell short of the Workforce Target ("shortage percentage").

7. A contractor who does not meet the Workforce Target in any measurement period shall help strengthen Detroit's workforce by making a monetary contribution to the City's CRIO-administered Workforce Training Fund, thereby supporting the skill development of Detroit residents. The required contribution for any contractor who does not meet the Workforce Target shall be the sum of the following:[1]

(a) For each shortage work-hour comprising the first 10% of the shortage percentage, 5% of the average hourly wage paid by the contractor during the preceding measurement period.

(b) For each shortage work-hour comprising the second 10% of the shortage percentage, 10% of the average hourly wage paid by the contractor during the preceding measurement period.

(c) For each shortage work-hour comprising the remaining 31% of the shortage percentage, 15% of the average hourly wage paid by the contractor during the preceding measurement period.[2]

8. For a publicly-funded construction project, if a contractor contracts for labor through a union that is meeting the goals set for it under the Detroit Skilled Trades Employment Program, that contractor will be deemed to have met the Workforce Target with respect to the labor for which it contracted through such a union.

CRIO will make a periodic determination whether a union participating in the Detroit Skilled Trades Employment Program is meeting its established goals under that Program. For purposes of calculating a contractor's compliance with the Workforce Target, a union which, as of the date a contractor executes a contract or subcontract for a publicly-funded construction project, is meeting its goals under the Program shall be deemed to have no less than 51% of the hours

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[1] Thus, for example, if 25% of 1,000 total work-hours performed on a publicly-funded construction project were performed by bona-fide Detroit residents, the contractor's shortage percentage would be 26%. That contractor's minimum required contribution would be the sum of (1) 5% of the average hourly wage for 26 (i.e., 10% of 260) shortage work-hours; (2) 10% of the average hourly wage for 26 (i.e., 10% of 260) shortage work-hours; and (3) 15% of the average hourly wage for 15.6 (i.e., 6% of 260) shortage work-hours.

[2] Section 7 has been revised from Executive Order 2021-02 to retroactively and prospectively cure any potential ambiguity to the calculation formula provided therein (as well as any substantively identical sections in prior executive orders). The clarifications are intended to reflect and not revise the calculation formula used by CRIO prior and up to the effective date of this Executive Order.

worked by its members on the publicly-funded construction project worked by bona-fide Detroit residents. If bona-fide Detroit residents actually account for more than 51% of the hours worked by union members on a publicly-funded construction project, that actual percentage may be used for purposes of calculating compliance with the Workforce Target.

9. For a publicly-funded demolition/rehab project, if bona-fide Detroit residents actually account for more than 51% of the hours worked and the contractor pays for its Detroit employees to be trained under a DOL approved apprenticeship program, that contractor will be deemed to have met the Workforce Target. For purposes of publicly-funded demolition/rehab projects only, any contractor who fails to meet the Workforce Target will contribute $200 per employee to the Workforce Training Fund.

10. If CRIO determines a contractor is in non-compliance with the requirements of this Order, CRIO will notify the contractor, in writing, of the contractor's non-compliance.

If a contractor wishes to challenge a finding of non-compliance, the contractor may, within fifteen (15) days of the notice of non-compliance, file with CRIO a written notice challenging the finding of non-compliance, and detailing the reasons for that challenge. The challenge will then be forwarded to a panel of (1) the City's Corporation Counsel or his/her designee; (2) the head of the Department of Administrative Hearings or his/her designee; and (3) the Director of the Buildings, Safety, Engineering, and Environment Department, or his/her designee. The panel shall adjudicate the challenge and issue a written decision. The panel may, but need not, schedule an oral hearing on the challenge.

If, following written notice of non-compliance and the adjudication of any challenge, the contractor fails or refuses to take corrective actions within thirty (30) days, the City may do any of the following:

(a) withhold from the contractor all future payments under the contract until it is determined that the contractor is incompliance;

(b) refuse all future bids on City projects or applications for financial assistance in any form from the City or any of its departments, until such time as the contractor demonstrates that it has cured its previous non-compliance;

(c) debar the contractor from doing business with the City for a period of up to one year.

In addition, the City reserves the right to re-bid the contract, in whole or in part, or hire its own workforce to complete the work.

11. All construction contracts, construction contract amendments, change orders and extensions subject to this Executive Order shall include the applicable terms of this Executive Order. CRIO shall have the responsibility for preparing administrative guidelines related to this Executive Order, and for monitoring and enforcing the provisions of this Executive Order.

12. Notwithstanding anything to the contrary set forth herein, the requirements set forth in Paragraphs 4 through 11 of this Executive Order shall not apply to any publicly-funded construction contract or publicly-funded demolition/rehab contract, or part thereof, that is funded

by a grant awarded by a federal, state, or other governmental entity, the terms of which prohibit the implementation of any such requirements.

Pursuant to the powers vested in me by the 1963 Michigan Constitution and by the 2012 Detroit City Charter, I, Michael E. Duggan, Mayor of the City of Detroit, issue this Executive Order. This Executive Order is effective upon its execution and filing with the City Clerk and supersedes Executive Order 2021-02, issued by me on April 14, 2021. This Executive Order shall not alter or affect the operation of any prior Executive Order with respect to any publicly-funded construction project on which construction activities have commenced as of the date of this Executive Order.

MICHAEL E. DUGGAN
MAYOR
CITY OF DETROIT

EO 2021-2 Project Metrics August 2024

Select Project

- 150 Bagley
- Adam Butzel Renovations
- AMC HQ Redevelopment - Detroit Commerce Center
- Aretha Franklin Amphitheater
- Bagley Corktown Parking Deck
- Book Building
- Book Depository
- Brush Park
- Brush Park-Hunter Pasteur
- Brush Park-RBV
- Brush Park-Stroyko
- Cambria Hotel
- City Club
- Corktown
- Corktown Lofts
- Corktown Parking Deck

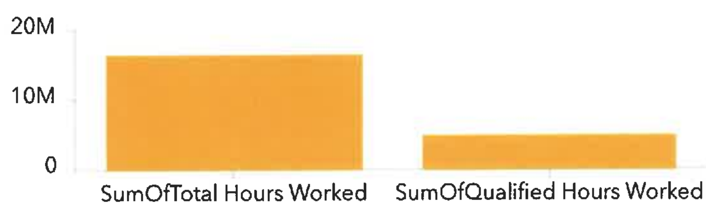
1 of 50

Percentage of Total Hours Worked by Qualified Employees for Adam Butzel Renovations*

20.8%

*Qualified Employees include all Detroit residents and STEP members

Total Hours Worked vs. Qualified Hours Worked



Prop N Project Metrics

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