



1918 UNIVERSITY AVENUE, 2ND FLOOR BERKELEY, CA 94704
PHONE: (510) 926-4000 FAX: (510) 926-4010 <http://www.greenlining.org>

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Héctor J. Preciado, Health Policy Director
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October 6, 2010

Chairman Mary Schapiro
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**Implementation of the New
Office of Minority and Women Inclusion**

Dear Chairman Schapiro:

Thank you for the productive meeting recently with members of the Greenlining Institute staff and coalition. We are encouraged by your proactive work to ensure diversity at every level and in every facet of the Securities and Exchange Commission's work.

As we discussed, we hope you will think of us as a partner in the effort to implement the new Office of Minority and Women Inclusion created by the Dodd/Frank financial reform law. We are confident that this office, well planned, can lead to positive increases in diversity in both personnel and procurement.

We are happy to share our experience and our networks that might enhance the impact of this office. Please consider including us in an upcoming meeting with the team at SEC working on its implementation.

Attached also is a memo with specific preliminary recommendations as you plan to implement this office.

You can reach Chris Vaeth in Washington DC at (202) 383-7709 or chrisv@greenlining.org. Thank you for your leadership on issues in the financial sector impacting all of the nation's communities, including those that are most marginalized.

Sincerely,

Orson Aguilar
Executive Director

Chris Vaeth
Legislative Director

Preeti Vissa
Community
Reinvestment Director

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CORRESPONDENCE UNIT



**COMMUNITY RECOMMENDATIONS FOR IMPLEMENTATION
OF THE OFFICE OF MINORITY AND WOMEN INCLUSION
AT THE SECURITIES AND EXCHANGE COMMISSION**

The following memo has been endorsed by:

Allen Temple Baptist Church
Americans for Financial Reform
Asian Business Association
Asian Journal
Bay Area Black United Fund
Black Economic Council
California Community Economic Development Association
California Hispanic Chambers of Commerce
California Journal for Filipino Americans
California Reinvestment Coalition
Causa Justa:: Just Cause
Center for Responsible Lending
CHARO Community Development Corp.
Consumer Action
Council of Asian American Business Associations
El Concilio of San Mateo County
Ella Baker Center for Human Rights
FAME Corporation
Greater Phoenix Urban League
Greenlining Institute
Insight Center for Community Economic Development
KHEIR Center
Korean Churches for Community Development
Latino Business Chamber of Greater Los Angeles
Mabuhay Alliance
Minority Business Round Table
Mission Economic Development Agency
Mission Language Vocational School
National Association of Consumer Advocates
National Council of Asian American Business Associations
National Fair Housing Alliance
National Financial Services Consortium, LLC
New Jersey Citizen Action
Oakland Land Trust
Project Amiga
Promerica Bank
San Francisco Black Chamber of Commerce
San Francisco Housing Development Corporation
Sargent Shriver National Center on Poverty Law
Silicon Valley Advisors
The Leadership Conference on Civil and Human Rights
The Unity Council
The Way Christian Center
Urban Strategies Council

**COMMUNITY RECOMMENDATIONS FOR IMPLEMENTATION
OF THE OFFICE OF MINORITY AND WOMEN INCLUSION
AT THE SECURITIES AND EXCHANGE COMMISSION**

1) Swift Implementation with Community Input

There remain approximately four months before the office must be established. We know that you have begun initial conversations to plan for the office, and we would encourage you, if you have not done so already, to begin to meet with community and policy organizations to gather their input on this process. We recommend an immediate convening of key stakeholders at the SEC to discuss goals and activities for the Offices of Minority and Women Inclusion. We are willing to facilitate this meeting at your earliest convenience.

2) Release Current Diversity Data for the SEC

We urge and request that you quickly release diversity data for the SEC. We recommend that this diversity data be released with breakdowns by board, senior staff, and non-management staff. In addition, we request that the SEC releases its contracting data to firms owned by women and minorities. This diversity data should be broken down for women, African Americans, Latinos, Asian Americans/Pacific Islanders, and Native Americans. (Attached is a template used by Union Bank to track this information in a clear and transparent manner.)

3) Set Concrete Aspirational Goals

The statute charges the office with responsibility for all matters of the agency relating to racial/ethnic and gender diversity in *management, employment, and business activities*. With respect to diversity within your agency, we encourage you to benchmark the current status of each of these areas (with concrete raw numbers and percentages) and to set voluntary leadership goals to significantly improve upon these figures. In each area, as a baseline, *we recommend that this office immediately sets annual goals to reflect of the current diversity of the American population, based on 2010 Census figures, to be achieved within five years*. Progress toward these goals should be made available on an annual basis through quantifiable data reporting.

With respect to the diversity of entities regulated by your agency, we encourage you to use your authority to benchmark current progress in the regulated sector, and to compel *voluntary* goal setting by these entities. A mechanism for this is proposed below.

4) Select the Best Director that Reports Directly to the Agency Chair

The success of this new office will depend in large part, in addition to your own prioritization of it, on the skill and commitment of the new director. The director of this office should report directly to the chair of the agency in order to avoid being “buried” in the bureaucracy.

We strongly recommend an open search to bring fresh ideas and energy to the three-fold mission of the office. Your applicant pool should include several experts and leaders who have experience and vision from each relevant sector outside the regulatory one (including the community, policy, advocacy, and private sectors).

We would suggest, at minimum, that any applicant that qualifies as a finalist for the position demonstrates the following criteria: a significant history of experience on issues of diversity related to the mandate of the office; a history of work in or on behalf of underserved communities; a proven ability to engage multiple stakeholder groups in the mission of the office, including in the public, private and nonprofit sectors; a commitment to transparency in the spirit of President Obama's Open Government Initiative; relevant business experience; and demonstrated success in exhibiting innovative and creative leadership that builds both business and community.

The applicant pool should be a representative group that includes candidates from diverse racial and ethnic backgrounds. A gender balance should be ensured across the demographics of this pool. These applicant pool demographics, without identifying names, should be made available to interested parties.

5) Diversity in Workforce and Senior Management of the Agency

Despite a more diverse government under the Obama Administration, no Federal administration or regulatory agency currently reflects the diversity of the constituency it is charged to serve, especially at the management level. We therefore see a trend toward tokenization rather than real representation sensitive to the needs and strengths of diverse communities and businesses. This new office, of course, is best poised to change this.

The problem in many agencies has long been one of execution rather than intention. Similar to the open search necessary to find the best office director, the search for the best workforce and senior management must go beyond typical channels. We can make introductions to several large networks of professionals in the relevant fields, and we would encourage early meetings with the directors of each of these networks to prepare for the proactive search that will follow. We can also be helpful with outreach in diverse communities through the minority media.¹

As mentioned above, to know where we're going, we must know where we currently stand. An immediate goal must therefore be to benchmark current status of agency workforce and senior management (with concrete raw numbers and percentages) and to set leadership goals that significantly exceed this current status, mirroring the nation's diversity within five years. Progress toward these goals must be made available on an annual basis through quantifiable data reporting, as required by statute.

6) Diversity in Business Activities of the Agency

The statute requires the fair inclusion and utilization of minorities, women, and minority-owned and women-owned businesses in all business and activities of the agency at all levels, including in procurement, insurance, and all types of contracts.² In gathering data, these types of business

¹ The statute also encourages the following recruitment tools: a) recruiting at historically black colleges and universities, Hispanic-serving institutions, women's colleges, and colleges that typically serve majority minority populations; b) sponsoring and recruiting at job fairs in urban communities; c) placing employment advertisements in newspapers and magazines oriented toward minorities and women; d) partnering with organizations that are focused on developing opportunities for minorities and women to place talented young minorities and women in industry internships, summer employment, and full-time positions; and e) where feasible, partnering with inner-city high schools, girls' high schools, and high schools with majority minority populations to establish or enhance financial literacy programs and provide mentoring; and (f) any other mass media communications.

² The statute applies to all contracts of an agency for services of any kind, including (but not limited to) the services of financial institutions, investment banking firms, mortgage banking firms, asset management firms, brokers, dealers, financial services entities, underwriters, accountants, investment consultants, and providers of legal services (including contracts for the issuance or guarantee of any debt, equity, or security, the sale of

activity should be disaggregated for easy monitoring of trends across different manners of contracting.

Early on, the office must develop a procedure, including a written form and statement that requires all contractors to ensure, to the maximum extent possible, the fair inclusion of women and minorities in the workforce of the contractor and subcontractors. We strongly urge drafts of this procedure and form/statement to be shared with key stakeholders prior to implementation for feedback on potential revisions. It would also be useful to privately asterisk any problem contractors identified through initial reporting for additional technical assistance to meet fair inclusion goals.

Again, to know where we're headed, we must know where we find ourselves currently. The required reporting will quickly establish a benchmark for total contracts and the number and percentage going to diverse firms. We urge an aspirational leadership goal to significantly increase the agency's current diverse contracting figures and to, within five years, reflect the diversity of the American population. While not set high enough, the Small Business Administration, for example, has at least set goals for women and small disadvantaged businesses (SDB/8(a)). As required by statute, progress toward these goals will be made available on an annual basis through quantifiable data reporting.

Another useful and adaptable model for data collection is Senator Robert Menendez's 2010 Fortune 500 corporate diversity survey. The design of this survey offers insight into both contracting and workforce/management issues.

The agency should also make transparent all contracting opportunities available at the agency via a website and regular newsletter to those that subscribe. In addition, we urge the agency to hold community forums on a regular basis to educate the public on upcoming contracting opportunities within the agency. The FDIC has developed a model for such forums on issues related to asset management and other contracting opportunities.

When appropriate, the agency shall strive to advertise programs and services through minority-owned media outlets.

7) Diversity in Entities Regulated by the Agency

Perhaps the most important power of this new office will be its impact not just on contracting by the agency, but within the private sector. This is where the federal government has had the least influence but enjoys the most potential. The simple power of your agency to ask questions to encourage diversity without quotas, through regulatory influence, will be especially at home in the new Office of Minority and Women Inclusion.

We wish to draw your attention to a tremendously successful model based on the California Public Utilities Commission's General Order 156 (GO 156). By requiring simple goal setting and transparency by regulated energy utilities and telecommunications companies through this program, the Commission has moved the supplier diversity of major utilities and telecoms in California to as

assets (including franchise sales, structured sales, and other asset sales), the management of the assets of the agency, the making of equity investments by the agency, and the implementation by the agency of programs to address economic recovery.

high as 30% (while they hover around 5% in many other states) without the use of quotas, mandates or set-asides.

As noted above, this model focuses not on government contracts themselves, but instead how government can encourage diverse contracting within the private sector. GO 156 shows proven results in encouraging competition, enlisting private dollars to stimulate the economy through small business growth, and creating jobs in the most impacted communities ... all through simple goal setting and transparency.

The office should immediately develop a GO 156-type program by:

- a) requiring all regulated entities to set voluntary goals for their diverse contracting
- b) institutionalizing a basic form and annual date for collection of these stated voluntary goals on an annual basis
- c) collecting this data on an annual basis
- d) establishing a clearinghouse on Data.gov to make public these voluntary goals, and any progress of the entities toward these goals
- e) holding an annual hearing for regulated entities to report efforts and progress on staff diversity and contracting.

Delineating this process will make up for an omission in the reporting requirements of the statute, which instead focuses primarily on direct contracting by your agency. Your agency is also best poised to use its authority to also gather data about contracting within the private sector itself.

8) Establish an Internship and Affinity Program with Diverse Colleges and Universities

We urge the early establishment of an internship and affinity program with historically black colleges and universities, Hispanic-serving institutions, women's colleges, and colleges that typically serve majority-minority populations.

While such a program goes beyond the mandate of the statute, it will be the best way to facilitate this mandate. An enormous talent pool that can benefit both the Office of Minority and Women Inclusion and the agency as a whole can be found on these campuses. An internship and affinity program will create a formal pipeline into the agency.

9) Required Reporting on Progress and Interagency Coordination and Competition

In addition to the creation of the above-described new data collection and reporting process for regulated entities *within* the private sector, the new office must also submit an annual report to Congress.³ We encourage you to meet with relevant community and policy organizations in the preparation of these annual reports. We are confident that we can provide insight to develop the best reporting possible, and on-the-ground realities to match.

³ This report must include: a statement of the total amounts paid by the agency to contractors since the previous report; the percentage of diverse contracts; the successes achieved and challenges faced by the agency in operating minority and women outreach programs; and the challenges the agency may face in hiring qualified minority and women employees and contracting with qualified minority-owned and women-owned businesses.

UNION BANK
Diverse Business Enterprise Spend Detail by Gender/Ethnicity
1Q09 to 4Q09

All Bank Purchases.....	\$705,214,682
Excluded Spend.....	\$26,866,233
Total Less Exclusions.....	\$678,348,449

DBE Purchases and Subcontracting	DBE Prime	%	DBE Sub-contracting	%	Total DBE Spend	%
African American Vendors						
Men	\$14,299,794	2.11%	\$1,585,903	0.23%	\$15,885,697	2.34%
Women	\$70,361	0.01%	\$152,601	0.02%	\$222,962	0.03%
<i>Total African American</i>	<i>\$14,370,155</i>	<i>2.12%</i>	<i>\$1,738,504</i>	<i>0.26%</i>	<i>\$16,108,659</i>	<i>2.37%</i>
Asian American Vendors --						
Men	\$19,291,453	2.84%	\$2,338,312	0.34%	\$21,629,765	3.19%
Women	\$6,471,713	0.95%	\$662,147	0.10%	\$7,133,860	1.05%
<i>Total Asian American</i>	<i>\$25,763,166</i>	<i>3.80%</i>	<i>\$3,000,460</i>	<i>0.44%</i>	<i>\$28,763,626</i>	<i>4.24%</i>
Hispanic Vendors						
Men	\$4,767,085	0.70%	\$18,371,574	2.71%	\$23,138,659	3.41%
Women	\$1,643,992	0.24%	\$773,225	0.11%	\$2,417,217	0.36%
<i>Total Hispanic American</i>	<i>\$6,411,077</i>	<i>0.95%</i>	<i>\$19,144,800</i>	<i>2.82%</i>	<i>\$25,555,876</i>	<i>3.77%</i>
Native American Vendors						
Men	\$189,847	0.03%	\$188,273	0.03%	\$378,120	0.06%
Women	\$102,873	0.02%	\$0	0.00%	\$102,873	0.02%
<i>Total Native American</i>	<i>\$292,720</i>	<i>0.04%</i>	<i>\$188,273</i>	<i>0.03%</i>	<i>\$480,993</i>	<i>0.07%</i>
Multi-ethnic Vendors						
Men	\$2,326,067	0.34%	\$0	0.00%	\$2,326,067	0.34%
Women	\$0	0.00%	\$7,950	0.00%	\$7,950	0.00%
<i>Total Multi-ethnic</i>	<i>\$2,326,067</i>	<i>0.34%</i>	<i>\$7,950</i>	<i>0.00%</i>	<i>\$2,334,016</i>	<i>0.34%</i>
MBE Men Total	\$40,874,246	6.03%	\$22,484,062	3.31%	\$63,358,308	9.34%
MBE Women Total	\$8,288,939	1.22%	\$1,595,923	0.24%	\$9,884,862	1.46%
Total MWBE¹	\$49,163,184	7.25%	\$24,079,986	3.55%	\$73,243,170	10.80%
Total WBE²	\$22,245,515	3.28%	\$15,665,659	2.31%	\$37,911,174	5.59%
Service Disabled Veteran Vendors						
Men	\$1,753	0.00%	\$145,660	0.02%	\$147,413	0.02%
Women	\$0	0.00%	\$0	0.00%	\$0	0.00%
<i>Total Service Disabled Veteran³</i>	<i>\$1,753</i>	<i>0.00%</i>	<i>\$145,660</i>	<i>0.02%</i>	<i>\$147,413</i>	<i>0.02%</i>
Total Diverse Business Enterprise⁴	\$71,410,452	10.53%	\$39,891,305	5.88%	\$111,301,757	16.41%

Note:

1. Minority and Women Business Enterprise (MWBE) includes all ethnic minorities regardless of gender.
2. Women business enterprise (WBE) includes only Caucasian women.
3. Service Disabled Veteran Business Enterprise (SDVBE).
4. Diverse business enterprise (DBE) is defined as a minority-owned, a women-owned or a service-disabled veteran-owned business.