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**OFFICE LETTER**  
**TRUST COMPANY OF GEORGIA**

**TO** A. H. Sterne

**FROM** C. Linden Longino, Jr.

**SUBJECT:** Bank Loans to Minority Businesses

I have a collection of many news articles and other reports, as well as my own thoughts, on the general subject of business formation and development in urban "underprivileged-ghetto-black-minority" areas. Common threads bind all of these together:

1. A city cannot endure with a central core of business and individual poverty.
2. Strengthening the underprivileged business community would go a long way toward solving the overall number one problem of the city. (Minority group members comprise 12% of the U. S. population but they own only 3% of U. S. business, according to government figures.)
3. This uplifting can be done by direct government "intervention" or by the more fortunate members of the "privileged" business community; the latter being a better way for innumerable reasons, but a combined effort being workable and not necessarily undesirable.
4. Many government programs exist and many private organizations have been formed to cope with these problems, but there is much duplication of effort and a general lack of intercommunication and coordination.
5. Banks can play a key role because of the general scarcity of money available to the ghetto businessman for starting or upgrading his business. (Only 150 of this country's 14,000 commercial banks engage in specific loan programs of this nature.)
6. A bank can follow three basic paths:
  - A) Establish its own high risk loan plan (C&S has done this).
  - B) Participate with the SBA in "Project Own", a liberalized loan guarantee program. This plan is endorsed by the ABA. (Trust Company, First National, National Bank of Georgia and maybe Fulton National Bank do this.)
  - C) Banks within a city can organize a "pool" of funds and talent, offering loans as well as management assistance. (This has been informally discussed, but no such move is under way in Atlanta. Banks in some other cities have taken such action.)
7. Conclusion: Each bank must make its own decision as to the extent of its involvement, if any, in this area of community service. A formal "pool" of banks is not necessary if each bank will assume its responsibilities and take an active role in this area of lending. A central "clearing house" would make the job easier for all interested parties, public and private. Independent services of banks, attorneys, accountants, consultants and various national, state, and local government bodies could be efficiently channeled toward the common objective. We have suggested that the Atlanta Chamber of Commerce might assume the role of coordinator if such a "clearing house" is established.