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**To:** [FOMC-Regs-Comments](#); [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)  
**Subject:** Unsolicited Proposal: District Branch office structure  
**Date:** Thursday, October 22, 2020 12:01:59 PM  
**Attachments:** [American Black Capitalists Executive Order.pdf](#)

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Ann E. Misback, Secretary,  
Board of Governors of the Federal Reserve System

To: Chairman Powell,  
Vice Chair Clarida  
Randal Quarles  
Michelle Bowman

Currently, District Branch offices determined by geography.

This unsolicited proposal (attached) recommends also establishing District Branch offices by constituency.

Thanks in advance for your consideration.

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## **Can 12 Black Federal Reserve Banks fulfill MLK's dream?**

### **1<sup>st</sup> District – Boston**

**Kevin Cohee,**  
Chair & CEO, One United Bank

**Laurence C. Morse,**  
MP, Fairview Capital

### **2<sup>nd</sup> District - New York**

**Christopher J. Williams,**  
Chair, Siebert, Williams, Shank

**Michael T. Pugh,**  
CEO, Carver Bancorp

**Tracy V. Maitland,**  
President, Advent Capital

**David R. Jones,**  
CEO, CastleOak Securities

### **3<sup>rd</sup> District – Philadelphia**

**Ken Frazier,**  
Chair & CEO, Merck

**Roger W. Ferguson Jr.**  
CEO, TIAA-CREF

### **4<sup>th</sup> District – Cleveland**

**Dwight Smith,**  
deputy chair, Cleveland Fed

**Ulysses Lee Bridgeman,**  
CEO, Bridgeman Foods

### **5<sup>th</sup> District – Richmond**

**Eddie C. Brown,**  
CEO, Brown Capital Mgmt

**B. Doyle Mitchell Jr.,**  
CEO, Industrial Bank

**James H. Sills, III,**  
CEO, M&F Bank

### **6<sup>th</sup> District – Atlanta**

**Alden J. McDonald, Jr.**  
CEO, Liberty Bank and Trust

### **20-Minute Read:**

*“The one thing I’ve learned in 52 years of public service is that no problem’s so complex, nor crisis so grave that it can’t be satisfactorily resolved in 20 minutes.”*  
— Winston Churchill

*“We’ve got to strengthen Black institutions. We need a ‘Black Bank’ movement!”*  
-- Dr. Martin Luther King Jr.

## **Pay It Forward: Fund \$12 Trillion for Reparations today by ending Welfare for 12 years**

A \$12 Trillion wealth transfer to rebalance Black-White inequality seems inconceivable. Even equalizing the gap between Black Banks (\$6 Billion) wealth and White Banks (\$21 Trillion) by somehow shifting nearly \$3 Trillion in assets is unimaginable. However, President Trump’s most artful Executive Order ever (draft attached) could begin such a huge historic Black Deal without any asset or wealth transfers to achieve the following objectives:

- 1) Win LBJ’s 50-year “War on Poverty” with Reparations instead of Welfare;
- 2) Capitalize a powerful new Black Banking institution with \$12 Trillion to lead African Americans into MLK’s promised land of a Great Society;
- 3) Stimulate overall U.S. economic growth now by selling \$12 Trillion in U.S. Treasury Bonds that will be repaid from ending federal Welfare for 12 years.

### **Present Situation:**

- Polls show that 87 percent of Blacks would love \$Trillions in Reparations. Politicians, pundits and prominent people make strong arguments why the U.S. government owes \$Trillions to all Blacks in reparations for centuries of economic injustices and systemic racism.
- Most Whites would love to end \$Trillions wasted on Welfare. In a 2018 HuffPost survey, 77 percent of Americans said government programs to fight poverty have been “ineffective.” Trump like 59% of Americans also – mistakingly – believes most welfare recipients are Black. Many believe Blacks already got at least \$12 Trillion for reparations via Welfare too.
- LBJ actually started Welfare as way to pacify nationwide Black unrest similar to today. In 1964, over half of the 20 million Black Americans lived in “poverty.” However, 76 percent of the Welfare benefits that Blacks fought and died for during the 1960’s protests and riots instead went to privileged white people and Hispanic immigrants over the past 50 years.
- The Congressional Research Service confirms that 88 federal Welfare programs cost nearly \$1 Trillion a year and estimates over \$20 Trillion spent since 1964 – but less than \$5 Trillion went to Blacks.
- Trump would just love to be loved (so he gets re-elected). With this Century’s biggest deal, almost everyone could feel the love again.

**Cynthia N. Day,**  
CEO, Citizens Bancshares Corp.

**Troy Taylor,**  
CEO, Coca-Cola Florida

**Lionel Nowell III**  
Bank of America Board

**7<sup>th</sup> District – Chicago**

**James Reynolds Jr.**  
Chair & CEO, Loop Capital

**John W. Rogers Jr.**  
Chair & CEO, Ariel investments

**Joseph B. Anderson Jr.**  
Chair, TAG Holdings

**8<sup>th</sup> District – St. Louis**

**Marvin Ellison,**  
CEO, Lowes

**David L. Steward,**  
Chairman, World Wide Tech

**Bryan Jordan,**  
CEO, First Horizon/ IberiaBank

**9<sup>th</sup> District – Minneapolis**

**Marcus Owens,** Director,  
African American Leader Forum

**Narayana Kocherlakota,** Chairf,  
Minnesota Black Chamber of  
Commerce

**10<sup>th</sup> District – Kansas City**

**Chris Turner,**  
President, First State Bank

**Nikki Newton**  
President – Private Wealth  
Mgmt, UMB Bank

**Edmond Johnson,**  
deputy chair of KC Fed

**11<sup>th</sup> District – Dallas**

**Gerald B. Smith,**  
CEO, Smith Graham & Co

**President Trump's Executive Order Summary (Draft attached):**

1) Direct the Federal Reserve Board of Governors to require that every District establish a Black branch organization and appoint up to five qualified African American directors with sufficient staff to collectively manage about \$12 Trillion in a proposed **U.S. Black Reparations Federal Annuity Fund**.

2) Encourage the Federal Reserve Board of Governors to then sell \$12 Trillion in U.S. Treasury Bonds with 12-year terms starting October 1, 2021 in anticipation of Congressional Legislation authorizing repayment by ending nearly \$1 Trillion a year currently expended on federal Welfare programs for 12 years.

3) Federal Reserve Black branch organizations should subsequently prepare to distribute funds into individual \$340,000 federal annuity accounts for 40 million African Americans. Each annuity should provide \$1,200 in monthly income in perpetuity, collateral for individual account holder loans, intergenerational family wealth and residual assets available to capitalize Black Banking institutions and sustain ongoing economic equality and community self-sufficiency.

4) Direct all administration Cabinet Secretaries to identify nearly \$1 Trillion in annual Federal welfare spending spread across 14 government departments and agencies and 89 separate programs according to the Congressional Research Services report issued in July, 2016 (*R44574*). Develop necessary plans to curtail the 89 separate programs at the end of this fiscal year starting October 1, 2021. Secretaries and Agency leaders should also advise and aggressively advocate for Congressional Legislation authorizing a U.S. Black Reparations Federal Annuity Fund that transfers savings from former Welfare program expenditures into the newly-established Federal Reserve Black branches.

5) Authorize all administration Cabinet Secretaries to identify impacts from sunseting the 89 separate Welfare programs. For example, \$250 Billion a year in federal Welfare benefits would no longer be distributed to African Americans who participate in the U.S. Reparations Federal Annuity Fund.

The 50 States which currently contribute approximately \$350 Billion a year in matching benefits could continue their status quo or possibly increase funding for ongoing independent State welfare programs, as long as they don't use any federal funds.

As Oprah Winfrey says, poor white Americans are more "privileged" than some college-educated blacks with significantly higher employability and other advantages. Study if White charities, churches and other groups can offset ending Welfare benefits for privileged Whites. Likewise, when LBJ started Welfare in 1964, only 1.5 million Hispanic Americans lived in poverty. However, millions of Hispanics emigrated to the U.S. during the past 50 years, sometimes specifically to get Welfare benefits. Today 40 percent of Welfare benefits or almost \$400 Billion a year goes to more than 22 million legal as well as illegal Hispanics. Will ending federal Welfare cause massive reverse migration back to Central and Latin American countries where lower incomes are required to live above the local poverty line?

**12<sup>th</sup> District – San Francisco**

**Mary Pugh,**

CEO, Pugh Capital Mgmt

**Thurman V. White,**

CEO, Progress Investment Management Co.

**Wayne-Kent A. Bradshaw,**

CEO, Broadway Federal Bank

**Lessons Learned:**

***Don't Be Fooled Again***

*Congress established the Freedman's Bank in 1865 specifically to serve the nation's African American population. Although the intentions were honorable, corruption and high-risk investments by Freedman's White bank leaders and trustees resulted in its failure (despite the best efforts of Frederick Douglass, who had fought to save the institution after the damage had been done). In this era before deposit insurance, the collapse took with it the life savings of nearly a quarter of the newly freed African Americans who were struggling to become established in the United States.*

*A 21<sup>st</sup> Century Congress, White Bankers or others may be tempted again to take advantage of the \$12 Trillion annuity fund, Black Banks or individual recipients in ways reminiscent of the historic Freedman's Bank debacle.*

6) Authorize Federal Reserve economists to study how \$12 Trillion in Black branch annuity fund assets and \$576 Billion a year in annuity payments could improve economic justice and equality in African American communities, as well as stimulate the overall US economy after the pandemic.

'African American banks in our communities, in our country, do make a difference. We help to grow the economy and we help to build jobs. This has been history and we continue to do it today,' said Alden McDonald Jr., CEO of Liberty Bank.

The period between 1900 and the 1930s has been called "the golden age of black business," with black entrepreneurs and black capitalists achieving symbiotic success. From 1888 to 1934, African Americans created more than 130 financial institutions. During that same time, the number of black-owned businesses rose dramatically from 4,000 to 50,000 businesses.

Sadly, the Great Depression disproportionately decimated the Black economy with only 11 Black banks still surviving by 1960. About 40 new black-owned banks were chartered following the civil rights movement and President Nixon's executive orders 11458/11625 establishing the Minority Bank Development Program that encouraged Black capitalism and Black Banks. In 1972, the first U.S. Census Bureau survey of minority-owned enterprises also reported 163,000 black-owned businesses had \$4.5 billion in total receipts.

In response to Nixon's executive orders, the Department of the Treasury began the Minority Bank Deposit Program. The Board of Governors of the Federal Reserve System, together with the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency, implement numerous provisions outlined in section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 that mandate that Agencies work to preserve minority ownership of minority depository institutions (MDIs) and to promote the general welfare of MDIs. Nonetheless, the number of Black Banks began significantly declining again during the 21<sup>st</sup> Century Great Recession from 51 in 2000 to 20 left today...

6) Direct Black Branch boards to recommend statutory details and regulations:

- a) Who's eligible? e.g., DNA tests for percentage of African American ancestry. U.S. citizens born before 11/1/20 or naturalized before 1964 Civil Rights Act
- b) Application process via certified Black-owned financial institutions?
- c) Agreement terms both apologizing for U.S. government policies and practices promoting system racism and economic inequality since 1776 and accepting payments in full settlement of any Claims against the United States of America?
- d) Monthly annuity payments via direct deposit process to Black-owned banks?
- e) Loan regs for using annuity or annuity payments as non-assignable collateral?
- f) Investment rules for Black banks leveraging excess annuity fund reserves?
- g). Federal Reserve and Bank administrative costs allowable paid from the fund?
- h) Marketing program requirements to seek applicants and promote the Fund? e.g., Celebrities, sports stars, and entertainers as spokespeople

## Executive Order 13957 of November 1, 2020

### Plan for a \$12 Trillion Black Reparations Fund managed by new Black Banking Institution

By the power vested in me as President by the Constitution and the laws of the United States of America including the Federal Reserve Act of 1913 § 10(6), 12 U.S.C. § 246 (2012).and my E.O. 13828 of April 10, 2018 "Reducing Poverty in America by promoting Economic Opportunity and Mobility," it is hereby ordered as follows:

**Section 1. Policy.** It shall be the policy of my Administration to greatly strengthen Black capitalism in America by creating a powerful new Black Banking institution in the Federal Reserve System; to greatly increase economic equality by prescribing statutory legislation that capitalizes this new Black Banking institution with about \$12 Trillion in assets appropriated from ending nearly \$1 Trillion a year in Welfare expenditures for 12 years; to resolve historic claims of systemic racism by offering a \$340,000 federal annuity that pays \$1200 a month in exchange for full settlement of all related claims against the U.S. Government by 40 million Americans with African ancestry; and ultimately to stimulate the overall long-term U.S. economy and post-pandemic national well-being as a result.

**Section 2. Directive to the Federal Reserve Board and Secretary of the Treasury.** The Federal Reserve Board in collaboration with the Treasury Secretary shall require that each of the 12 Federal Reserve Districts establish a Black branch organization and appoint up to five qualified African American directors with sufficient staff to collectively manage about \$12 Trillion in assets and annuities.

- (a) Encourage the Federal Reserve Board to then sell \$12 Trillion in U.S. Treasury Bonds with 12-year terms starting October 1, 2021 in anticipation of Congressional Legislation authorizing repayment by ending nearly \$1 Trillion a year currently expended on federal Welfare programs for 12 years.
- (b) Assist Federal Reserve Black branch organizations with preparations to distribute funds into individual \$340,000 federal annuity accounts for 40 million African Americans. Annuity guaranteed interest rates should provide \$1,200 in monthly income, collateral for individual account holder loans, intergenerational family wealth and residual assets available to capitalize Black financial institutions that sustain ongoing economic equality and community self-sufficiency.
- (c) Direct Black Branch boards to recommend Statutory details and regulations to the Federal Reserve Board and the President:
  - i. Eligibility e.g., DNA tests for percentage of African American ancestry. U.S. citizens born before 11/1/20 or naturalized before 1964 Civil Rights Act
  - ii. Application process for Reparations via certified Black-owned financial institutions
  - iii. Reparations agreement terms both apologizing for U.S. government policies causing economic inequality and/or systemic racism and applicants accepting payments in full settlement of any related Claims against the U.S.
  - iv. Monthly annuity payments procedures via direct deposit process to Black-owned banks
  - v. Loan regulations for using annuity or annuity payments as non-assignable collateral
  - vi. Investment rules for Black-own banks leveraging excess annuity fund reserves
  - vii. Federal Reserve and Bank administrative costs allowable paid from the fund
  - viii. Marketing program requirements to seek applicants and promote the Fund

**Section 3. Directive to all Cabinet Secretaries.** Administration Cabinet Secretaries and Agency heads shall identify nearly \$1 Trillion in annual Federal welfare spending spread across 14 government departments and agencies and 89 separate programs according to the Congressional Research Services report issued in July, 2016 (R44574). They shall then develop necessary plans to phase out the 89 separate programs by the end of this fiscal year or September 30, 2021. Secretaries and Agency heads shall also recommend statutory legislation and aggressively advise the President and Congress about a proposed U.S. Black Reparations Federal Annuity Fund that transfers savings from former Welfare program expenditures into the newly-established Federal Reserve Black branches.

- (a) Identify the positive and negative impacts from ending the 89 separate Welfare programs. For example, \$250 Billion a year in federal Welfare benefits would no longer be distributed to African Americans who accept federal annuity funds.
- (b) Study whether the 50 States which currently contribute approximately \$350 Billion a year in matching benefits will continue their status quo or increase funding for ongoing independent State welfare programs that don't use any federal funds.
- (c) Analyze whether "White Privilege" uniquely gives white Americans in poverty significantly higher employability and other economic advantages that negate the needs for federal Welfare benefits. For example, study how charities, churches and other benevolent groups will offset the Welfare needs of privileged White Americans. Likewise, investigate if ending federal Welfare benefits for 22 million legal and illegal Hispanics in poverty will cause massive reverse migration from America back to Central and Latin American countries where lower incomes are required to live above the local poverty line.

**Section 4. General Provisions.** (a) Nothing in this order shall be construed to impair or otherwise affect the authority granted by law to an executive department or agency, or the head thereof; it shall be implemented consistent with applicable law and subject to the availability of appropriations; and this order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

Donald J. Trump  
President  
United States of America