

ASSET MANAGEMENT ADVISORY COMMITTEE  
SECURITIES AND EXCHANGE COMMISSION  
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NEW AMERICA ALLIANCE

As Prepared

INTRO:

Good morning Mr. Chairman, Committee Members, Ladies and Gentlemen:

First, I applaud the SEC Asset Management Advisory Committee for **focusing on diversity and inclusion as a top priority** at this meeting. And I thank you for including the New America Alliance and our sister organizations to provide our perspectives. You will find that when it comes to diversity and inclusion: (1) There is much to learn, (2) much to discuss and (3) much to do.

Second, I would like to give you a little background on my organization and the people we represent that will provide you some perspective on my comments.

ORGANIZATION MISSION/DESCRIPTION:

The New America Alliance is a **20-year-old professional non-profit organization** structured with the underlying principle that **American Latino business leaders** have a **special responsibility** to facilitate and **lead the charge for a stronger America**. Our members leverage their success and influence as leading financial managers to increase the availability of investment capital for women and minority-owned firms, and **to accelerate diverse leadership in:** (1) entrepreneurship, (2) corporate America, and (3) **public service**. **We strongly believe that access to capital for women and minority-owned business is one of the last frontiers of the civil rights movement**. The availability of capital means the difference between a community that can build both individual and community wealth through flourishing businesses and job opportunities, and those communities that stagnate, creating ever higher levels of poverty and lack of opportunity.

Initially the organization was dedicated to advancing the economic development of American Latinos only; but now advocates on behalf of all communities of color and gender. This gradual evolution makes sense (it was inevitable) -- American Latinos have always included people from a multiplicity of ethnic and racial groups and mixes of those groups – From Asian Latinos to Afro Latinos and to the blue-eyed blond Latinos. We embrace them all – they are our family (NUESTRA FAMILIA). It is a diverse world that is quickly becoming mainstream. But often – in the financial services arena -- we go unnoticed and people do not take the time to get to know us – for example:

- According to a 2020 Report from the Pew Research Center, Latinos are 18% of the population – but we possess **\$1.5 trillion in buying power** and more than half of us are under the age of 29 – the future looks Latino
- Last month the New York Times columnist Nicholas Kristof pointed out that we live longer than other ethnicities with a life expectancy of 81.8 years compared to 78.5 years for Caucasians, that are not Latinos and 74.9 for non-Latino Blacks. He partly attributed our longer longevity to “faith, family and community ties” – and faith, family and community are not just **Latino values** they are the **traditional American values**.

Our very apt name describes the New America – and our actions are with the firm belief that America **cannot live up to its full potential** if its business leaders do not reflect the composition of its citizenry.

Regrettably, as you all know, our communities of color have been hardest hit by the virus and all its repercussions, thus making our **resolve even stronger**. So, it is with that understanding and background of our organization and members that I propose to you some general recommendations for this committee to consider.

## RECOMMENDATIONS

As you and I know, the topics highlighted today multi-faceted –and there is much to consider and much to learn. **Seldom is there a magic bullet for a complex problem**. So, I echo my colleagues' (Raben Group, Knight Foundation, AAIM and NASP) thoughtful comments and suggestions, and **ask you to reflect on them in addition to** any policy changes (that are needed), transparency (that is crucial), engagement (which you are doing), and accountability (**which we all expect**).

I have 4 specific recommendations where the SEC can take immediate action -- the "low hanging fruit" you may say:

1. **Increase diversity in personnel within the SEC** – particularly in decision-making positions

Today, lack of diversity is the enemy of organizations, particularly in government where there are so many important decisions made for the country. We want to see the face of America in our civil service workforce. Diversity not only of race, gender, and ethnicity, but also people of different views (*women veterans*). (how a person approaches a challenge, how a person solves problems, and how a person sees the world)—If this is confusing – or you do not know what I mean. All you must do is place a baby-boomer working next to a millennial and you first see both throwing their hands up in the air, frustrated since they have different world views, but then if you see them working together—it is due to understanding each other's views a little better. And everyone benefits.

Diversity prevents group think – it helps us understand/learn other viewpoints – it helps us grow.

Your website indicates that the SEC is more than a workplace – it is united by a core set of values and it is a career **with a conscience**. SEC staff members play a critical role—protecting investors, making markets fair and efficient, and helping companies grow.

Continue what you are doing **but Reach out** to organizations –such as NAA—that represent diverse populations for recommendations. We will help you ***accelerate diverse leadership in public service***.

If you are indeed changing the face of the federal workplace with fresh talent and creative ideas – reach out to us. We will help you in that search for talent.

2. **All SEC advisory committees should include diverse people** – again it is a request to solicit candidates from organizations – like NAA – that represent diverse populations.

Committees should always be diverse – not by chance, but by design. Latinos are 18% of the population – but in major cities where talented financial people live, such as Chicago and New York, we are 29%, in Los Angeles we are 52% and in Miami, we are 72% -- this is according to the Latino Donor Collaborative. Also, women are the majority of the population, trust me, we can find you professionally qualified candidates.

3. **Include diversity questions in the SEC Audits** – particularly diversity at the top echelons of funds/businesses audited. This is a subtle yet powerful message. It sends a tremendous signal that the SEC is cognizant of the value-add of diverse teams in businesses. At a minimum diversity prevents groupthink.

Eventually you can develop a diversity scorecard – with 4-5 questions or data points -- that would be required by all registered investment advisors to report on a consistent basis. This is a way to add transparency to diversity inclusion by businesses.

4. **Be an outspoken leader for diversity and inclusion in business and in government.**

Let me propose two specific areas

**First, do everything possible to ensure there is a meaningful inclusion and utilization of minorities and women in all stimulus packages coming out of Washington** – particularly in financial services. This is not new; it has been done before with the stimulus packages that came out of the GFC.

And while it is true that the SEC does not distribute funds from stimulus packages – other governmental agencies do – the SEC works closely with many other institutions, including Congress, other federal departments, and agencies. You can facilitate our communication with these federal agencies, and within the treasury department that does deploy funds. So, with this communication/dialogue/input we can be architects of our own destiny.

It would be great to see that whenever there is a big press release announcing that a global, mainstream firm has been allocated billions of dollars to assist the federal government, there is also the announcement that minority and women- owned firms also have a part in that value creation. We have the firms, and we have the talent – **we just need the opportunity.**

**The second specific area is for the SEC to actively facilitate the inclusion, development and growth of minority and women-owned businesses in financial services.**

Why financial services?

- It is your area of expertise
- It is the **last bastion of institutional unfairness** – and lack of opportunity for minority and women-owned businesses even after the Dodd Frank Act law was passed -- remember –the law’s goal was to increase racial and gender balances at financial institutions and regulatory agencies. The numbers, ladies and gentlemen are dismal.

After nearly a decade after the Dodd Frank Act (Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010) – minority and women owned financial services firms are only **1.3% of the industry’s Trillion \$ in AUM** despite findings that their performance is **on par** with non-diverse firms. That should be **shocking** to everyone listening to this Webinar.

Our proposal is to assemble a working group with the entities that represent women and minority members in financial services to develop multiple proposals for your consideration – basically to get into the details of how a good program would work.

- ✓ From having the larger firms mentor smaller ones, to having large global firms receiving allocations via the stimulus packages working hand-in-hand with women and minority firms.
- ✓ From developing incubators for minority and women owned businesses, to proposing appropriate regulatory and legislative changes to the SEC and Congress to mitigate problems identified with minority and women-owned businesses.
- ✓ From identifying ways to promote the interests of women and minority owned financial service firms and their investors to proactively identifying the unique challenges faced by minority-owned and women-owned businesses affected by pandemic.

Lastly, the Chairman of the SEC represents the agency as a member of the Financial Stability Oversight Council (FSOC). **This is a tremendous opportunity to be a voice for diversity and inclusion.**

The Council is charged with identifying risks and responding to emerging risks to the stability of the United States' financial system.

I propose, Ladies and gentlemen, that the longer the situation continues with BUSINESS LEADERS NOT reflecting the nation’s citizenry, the more it weakens the country’s financial system AS WELL AS THE COUNTRY ITSELF. The LACK OF WOMEN AND MINORITY REPRESENTATION represents A RISK because IT CREATES AN abyss between “us” and “them”. We have just witnessed what happens when inequality reaches a braking point, and the social unrest IS UNEARTHED– let us address the issue before it gets to that braking point.

**The SEC voice is powerful – let it be heard promoting diversity and inclusion.**

In closing, I would like to go on record saying that the New America Alliance is here to support and assist you. NAA can be a constructive partner to advance the sourcing of talent and collaborate to promote diversity and inclusion.

Thank you.

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