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MACEP

June 23, 1975

Dear Mr. Cary:

Congratulations! It has just been brought to my attention that your corporation has continued in the development of minority firms and individuals. That IBM, a leader in its field, takes an interest in developing our country's less fortunate Americans gives me great personal satisfaction.

We are grateful to IBM for its social commitment program and to IBM representatives Bob Folgel and Dalton Wallace for their personal interest and involvement with the Mexican American Council for Economic Progress, Inc. (MACEP).

Again, my congratulations.

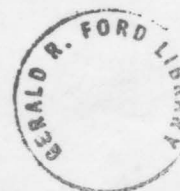
Yours sincerely,

Fernando E. C. De Baca  
Special Assistant to the President

Mr. Frank T. Cary  
Chairman of the Board  
I.B.M. Corporation  
Armonk, New York 10504

FECDeB:nmd:6/23/75  
BCC: Mr. Arturo Casillas (Airmail)

Mexican American Council for Economic Progress, Inc.  
(MACEP) P. O. Box 3200, Austin, Texas 78704



June 9, 1975

Mr. Frank T. Cary  
Chairman of the Board  
I B M Corporation  
Armonk, New York 10504

Dear Mr. Cary:

Congratulations! It has just been brought to my attention that your corporation has continued in the development of minority firms and individuals. It gives me <sup>great</sup> personal satisfaction that IBM, a leader in its field, takes an interest in developing our country's less fortunate individuals.

~~We are~~ <sup>for its</sup> I am grateful to IBM <sup>IBM representatives,</sup> social commitment program and to ~~you~~ <sup>to Mr.</sup> Bob Folgel and ~~Mr.~~ Dalton Wallace, for their personal interest and involvement with the Mexican American Council for Economic Progress, Inc. (MACEP). ~~Another point of interest, is that Mr. Dalton Wallace has been elected to the Board of this minority corporation.~~

Again, I congratulate you.

~~Sincerely,~~ Yours sincerely,

<sup>E. C. De Bora</sup>  
Fernando ~~De Vaca~~  
Special Assistant to the  
President

bcc: Mr. Arturo Casillas (airmail)





MEXICAN  
AMERICAN  
COUNCIL for  
ECONOMIC  
PROGRESS, Inc.

DIVISION OF BUSINESS DEVELOPMENT

received 6/16

June 9, 1975

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Chairman  
Dallas

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Austin

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Arturo Casillas

EXECUTIVE DIRECTOR

Omero Luna

VICE PRESIDENTS

José Aguilar

Elias Luna

Aurelio Montemayor

Mr. Frank T. Cary  
Chairman of the Board  
I B M Corporation  
Armonk, New York 10504

Dear Mr. Cary:

We have spent thousands of dollars in attending seminars on planning, working with consultants, planners from private industry, bankers, etc., and none of the sessions have been as productive and positive as the one conducted by Mr. Bob Folgel, Dallas Office, and Mr. Dalton Wallace, Austin Office (MACEP Board Member). IBM should be complimented in having both of these gentlemen as employees. Their ability to relate a difficult process into simple and sequential steps was something our firm much needed. We are thankful for the opportunity given to us by IBM and want to again congratulate you on providing the necessary leadership so that Mexican Americans can participate in the development of resources in Texas.

We are grateful of the excellent social commitment program that IBM has and this past week's planning session is evidence of this commitment even much so. This program is in itself evidence of IBM's desire in getting involved with minority economic development. There leaves no question why IBM is the leader in its field.

We greatly appreciate what IBM has done for us and we are looking forward to a long working relationship.

Sincerely yours,

Arturo Casillas  
President

mdl1

cc: Mr. Fernando De Vaca  
Special Assistant to the  
President  
Washington, D.C.





DR gnd

- Take migrants, then place them in public sector next year.

- Put up 5 businesses w/ equity capital.

\$150,000

- Protection for

---

\$117,000

Economic Development

8 m in loan program

---

MEBBIC 6

TA to migrant projects all over nation

- Bentson

- Steelman

- Gray





MEXICAN  
AMERICAN  
COUNCIL for  
ECONOMIC  
PROGRESS, inc.

**RAUL MEDINA**

Director of MESBIC

3001 S. Congress • Austin, Texas 78704 • 512/444-3262



MEXICAN  
AMERICAN  
COUNCIL for  
ECONOMIC  
PROGRESS, inc.

**ARTURO CASILLAS**

President

3001 S. Congress • Austin, Texas 78704 • 512/444-3262



MEXICAN  
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ECONOMIC  
PROGRESS, inc.

**RAUL MEDINA**

Director of MESBIC

3001 S. Congress • Austin, Texas 78704 • 512/444-3262



# Money Power.

MEXICAN  
AMERICAN  
COUNCIL  
FOR  
ECONOMIC  
PROGRESS,  
INC.



# What We Do With It.

The Mexican American Council for Economic Progress (MACEP) is convinced that the key to solving problems in our barrios and ghettos is money power. Not money itself. Not handouts or housing projects. But money power—the kind of social and political leverage that follows economic self-sufficiency.

MACEP's directors and staff have experienced poverty and discrimination. In the past, we tried as individuals to bring about change in a variety of ways—but our efforts had little impact. Gradually we learned that sub-standard housing, health, education, and social oppression are all related to economic dependence. So MACEP was conceived, and a wide-ranging variety of programs developed to help provide a portion of the nation's economic prosperity to the South Texas poor.

MACEP offers academic programs for the high school dropout and for the college graduate. We eliminate ingrained negative attitudes with a weekend of consciousness-expanding studies, or arrange for a loan to a minority businessman who lacks the equity for standard sources of revenue. We have helped finance and build the million-dollar Casa de Mañana apartment complex in Corpus Christi and started a glass engraving company in Austin, both projects planned and executed by Mexican Americans.

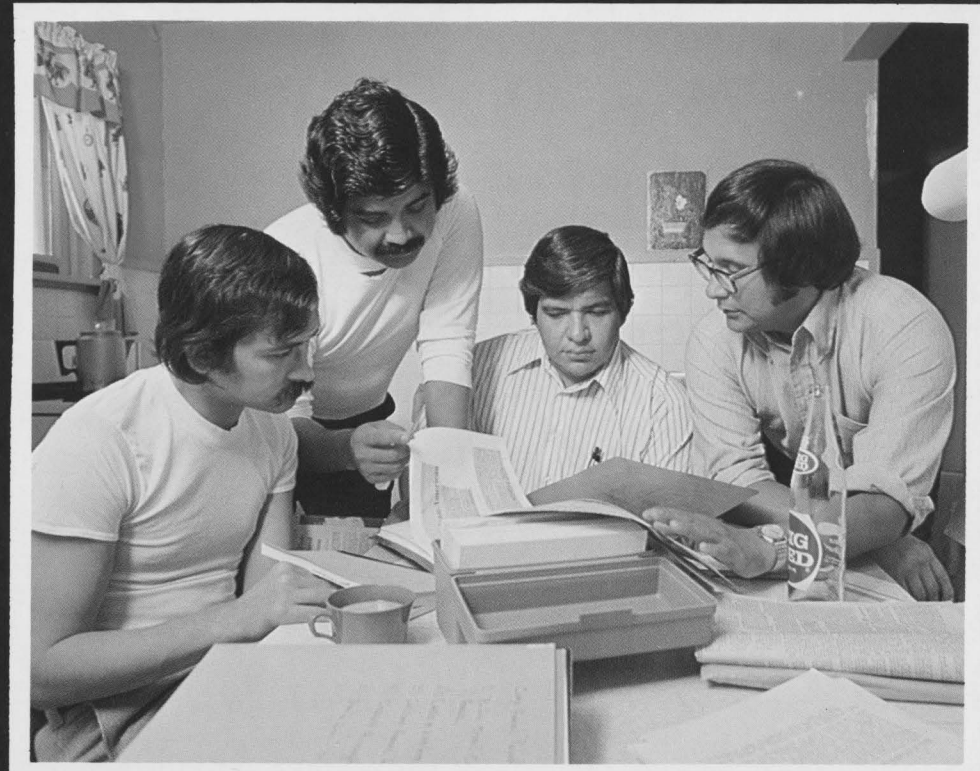
MACEP has enlisted the support of religious and business leaders, and raised money from churches, banks, local organizations and national government agencies to establish area economic development corporations. These in turn have packaged loans totalling more than six million dollars for minority businessmen, and provided technical assistance to help insure the success of these new enterprises.

MACEP conducts workshops and seminars for non-minority business people to alert them to minority business potential. And we have established a successful minority public relations firm that produces media ranging from still photography to filmed television documentaries.

MACEP is growing rapidly and moving at many levels in encouraging social and economic progress, but all that we do is governed by our original goal. We are totally committed to bettering the life of the individual Mexican American and his brothers in poverty.







# How We Started.

Poverty is a way of life for Mexican Americans in South Texas. Almost half live below the federal poverty level. We endure racial discrimination, inadequate education and housing, poor health and high unemployment. Some of us make it, but most are wasted in lives of anger and frustration, bound by a cycle of failure which seems impossible to break. MACEP was born of this frustration.

The founders of MACEP had each tried in his own way . . . traditional politics . . . the school system . . . government programs . . . even confrontation politics. Intentions were good and awareness was created, but little real change came down to the barrio. So we joined together to find an approach that would succeed.

We worked at other full-time jobs, but devoted our off-hours to planning a training corporation that would focus on social improvement and leadership development. We soon realized, however, that economic development was the real key. If we could learn the skills of entrepreneurship, then teach them to enough of our people, the result would be economic self-sufficiency within the barrio. And that leads directly to less discrimination, better schools, houses, paved streets. . . . We each chipped in to pay for internships in Washington, D.C., where we could learn the intricacies of business packaging, housing, venture finding and funding.

Still working on a part-time basis in 1971, we were able to set up a non-profit economic development corporation in Corpus Christi (CCEDC). Local funds were matched by grants from the Economic Development Administration, the Campaign for Human Development, the Methodist Commission on Religion and Race, and other foundations. CCEDC has since handled more than 150 minority clients and processed more than a million dollars in loans. It also offers business management courses to minority entrepreneurs through Del Mar College, as well as a seminar on minority lending for loan officers at local financial institutions.

Within a few months of this successful initial project, MACEP obtained a grant from the U.S. Office of Minority Business Enterprise. This supported full-time efforts by members of our staff throughout South Texas. We soon had another EDC underway in the Winter Garden area. Local funding was difficult, and a national emphasis on

urban problems hampered governmental support. We were able to maintain the organization for only one year, but that let us provide technical assistance and secure \$421,500 in loans for some fifty clients. More than two-thirds of these were financed directly by area banks without Small Business Administration guarantees.

In 1972, MACEP obtained a contract from the Department of Commerce to develop yet another EDC in Austin. We set up a business management training program through St. Edward's University, and helped establish a Mexican American Chamber of Commerce. Members prepared a minority business directory, and set up committees to help insure equal business opportunities, employment and housing for the Mexican American community. Loan packages of more than \$1 million have been processed by the Austin Business Development Organization, and 58 persons have received extensive technical assistance in management and accounting.

We were soon being approached by other organizations interested in developing money power within their own minority communities. The Houston Economic Development Corporation, for example, requested consultation and technical assistance.

MACEP formed a partnership alliance with the Opportunity Funding Corporation (OFC), a multi-million dollar national experiment to offer guarantees, rediscounts, and other indirect financing to minority businessmen. Additional grants from the Department of Labor and the Moody Foundation have strengthened our financial foundations, and permitted expansion into additional economic training programs.

In a very short time, MACEP has evolved from a group of frustrated but determined individuals to an organization of economic development specialists exerting a major force to smash the cycle of poverty and failure in our minority communities.



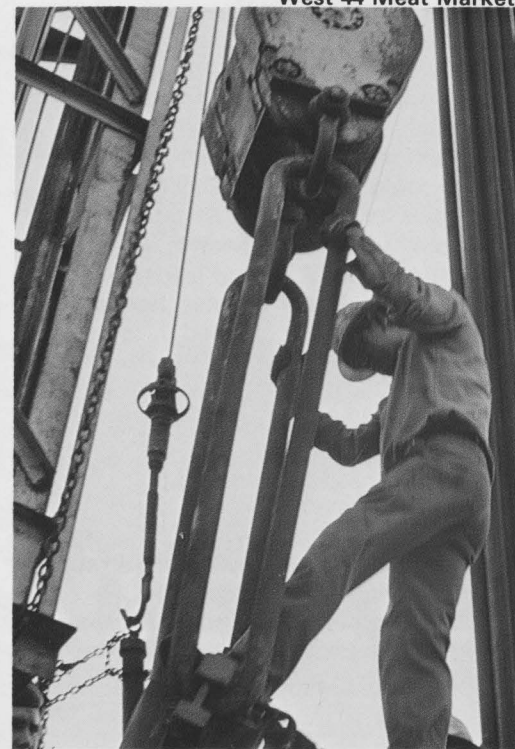




West 44 Meat Market



Hub Tractor and Implement Co.



Elk Well Service Co.

# How We Help.

MACEP believes that acquiring or establishing a new business is only one segment of long-range economic development. To be truly significant, a business must:

- ☐ be identified through a defined and structured process;
- ☐ be partially capitalized, if necessary, through permanent equity loan mechanisms;
- ☐ be financed through good and permanent financing and leverage mechanisms.

If a new business is made possible through a government grant, it can only be considered an isolated success. It may provide jobs and even generate support for a good social program, but it is not meaningful long-term economic development.

MACEP's method is based on the premise that economic programs for the poor must become rooted in the economic institutions of this country. Give-away programs are not enough. Mechanisms must be built to allow methodical and repetitive tapping of economic resources, based on measurable past successes. One of these mechanisms is a Minority Enterprise Small Business Investment Corporation (MESBIC), which makes equity capital available to qualified entrepreneurs.

When a client comes to MACEP for assistance, we are prepared to help him:

- ☐ identify and evaluate the opportunity;
- ☐ negotiate the acquisition;
- ☐ arrange equity capital and financing;
- ☐ set up effective management systems.

Our staff can advise on details of organizing a new corporation, offer specific information on legal aspects and tax considerations, and provide in-depth explanations of governmental statutes and guidelines on mergers, acquisitions and consolidations.

This comprehensive approach, combined with follow-up assistance, has enabled MACEP's clients to establish a success record which far exceeds the national new business average.

One example of a business packaged by MACEP is Elk Oil Well Service in Alice, Texas. Working with the SBA and a local bank, eight employees were able to buy the business as equal partners. These new owners—three Anglos and five Mexican Americans—include truck drivers and laborers whose incomes are as low as \$90 per week. Since the acquisition, Elk's 50-man labor force has almost doubled, and the \$1 million annual gross sales has doubled. The company is

six months ahead of schedule in retiring its bank loan.

MACEP regards Elk Oil Well Service as a model for cooperative companies where relatively low-paid employees can move into management positions, and where a thriving business participates in the larger community with a real sense of social responsibility. We feel this sense of responsibility is an integral part of minority economic development.

An example of a major MACEP start-up venture is Glass Engraving Enterprises—incorporated in 1974 after seven months of evaluation and negotiation. GEE uses ultrasonic sound waves to etch three-dimensional designs into glass. The finished products equal or exceed the quality of hand craftsmanship, and the business will provide 15 to 20 minority jobs.

MACEP raised \$85,000 in equity and capitalized GEE with \$215,000. The margin of profit per unit is at least 80%. Computerized accounting systems have been set up to constantly monitor GEE's financial position, and market surveys are being completed to identify the most profitable national sales areas. We expect to break even by the end of the first year, and within five years annual sales should total \$2-5 million.





## Tejas Investment Corporation

A Minority Enterprise Small Business Investment Company (MESBIC) is a vital phase of economic development because it provides the one thing minority businessmen need most—equity capital. When the minority businessman cannot meet equity requirements for existing sources of funds, he can look to MESBIC for help. The MACEP-established Tejas Investment Corporation has a goal of \$1 million in capital by early 1975. Tejas will then provide four basic services:

- ☐ Venture capital via purchase of equity interest
- ☐ Long-term capital through loans to businesses, usually with warrants permitting Tejas to purchase equity positions
- ☐ Guarantees for third party loans
- ☐ Managerial and technical assistance

Already, MACEP has purchased \$155,000 in Tejas stock. This stock allows 15 votes per share and is issued to non-profit minority organizations. Another \$150,000 in private funds has brought initial capitalization to \$305,000.

# Our Training Program

The Division for Human Resource Development is an integral part of the total MACEP strategy of community development. Its major function is to develop capable and aggressive leadership by combining skill sophistication with social responsibility. Community leaders thus equipped can effect institutional changes leading to relevant and effective programs for minority business participation.

The central philosophy of the Division is best represented by our Curso de la Raza. The Curso is an intensive three-day retreat aimed at strengthening a positive self-image in the Mexican American adult. It is participant-oriented, dialogical, and open-ended. During the last five years, hundreds of Mexican Americans from South Texas and elsewhere have participated. They return to their communities with renewed pride in their own cultural heritage, and with a sense of

social responsibility which makes our economic development efforts more than just "brown capitalism." Since inter-racial understanding is essential to our programs, the Curso is available to professionals who are not Mexican American.

The development of Chicano leaders who participate in the economic mainstream requires a combination of several elements. MACEP's Internship Program fosters expertise in management, ownership, and business development. Training emphasis in each area includes:

### MANAGEMENT

- ☐ Developing a business plan
- ☐ Employer/employee relationships
- ☐ Motivation
- ☐ Financing the business
- ☐ Managing the business

### OWNERSHIP

- ☐ How to run a business successfully
- ☐ Planning for the business
- ☐ Staffing the business
- ☐ Developing a marketing plan
- ☐ Selling the product/service
- ☐ Financing the business
- ☐ Managing the business

### BUSINESS DEVELOPMENT

Under this program, MACEP interns study techniques for identifying profitable business ventures. They learn:

- ☐ Investment analysis of a business venture
- ☐ Development of a complete business plan to implement the proposed venture
- ☐ Identification and utilization of financial resources for business ventures
- ☐ Utilization of resources for follow-up technical assistance from public and private sectors of the community

### SEMINARS

MACEP also conducts intensive short courses for persons working in minority economic development who need more information and greater sophistication in economic development strategies. Topics for these seminars are determined by client demand.

### PRE-EMPLOYMENT

MACEP's pre-employment screening course for local industries is aimed at increasing minority employment, reducing absenteeism, and reducing job turn-over. This course can be tailored to the employment and labor needs of the area. We also provide evening courses in specific areas of management aimed at minority needs.

### TRAINING OF FACILITATORS

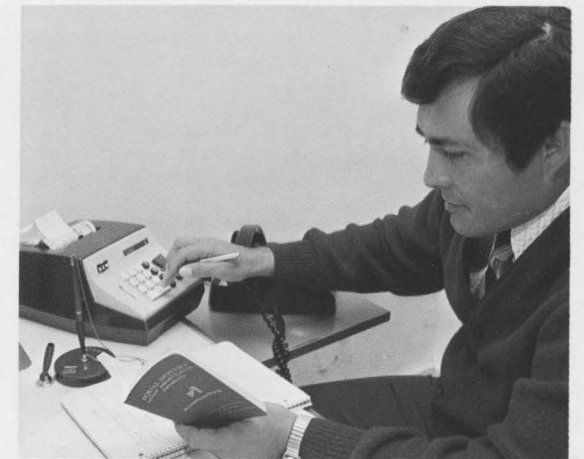
Our training of facilitators course, though applicable to educators or trainers in any field which deals with adults, is aimed primarily at Mexican Americans in education and business. The course is conducted in a five-day intensive workshop or in a two month, once-a-week series. It includes: (1) Sensitivity to learning needs; (2) Cultural awareness and sensitivity in the facilitator; (3) The mechanics of training design; (4) Training techniques; (5) Criteria of a good facilitator; (6) Evaluation of facilitator and of training; (7) Principles in practical application of adult education.

### ACADEMIC PROGRAMS

Some of our training programs are already accredited, but MACEP is developing full degree plans in business at the AA, BA, and MBA level. These programs combine the minority economic development emphasis, innovative educational approaches, and the "University Without Walls" concept. Juarez-Lincoln Center, Antioch Graduate School (Antioch), and St. Edward's University are participating in the program development, and preliminary studies are underway for similar programs at other area institutions. Curriculum development is a continuing part of these and other training programs which make up the Human Resource Division's contribution to increasing economic development skills.

### MEXICAN AMERICAN DEVELOPMENT CORPORATION

MADCO is a for-profit holding company which was established to make MACEP economically self-sufficient and therefore independent of yearly grants. It is the embodiment of our goal of self-determination. The profits from MADCO's major business ventures will ultimately support social and technical assistance programs which we now fund through government and foundation grants. MADCO is focusing in the areas of real estate development, manufacturing, and acquisition of major ventures,



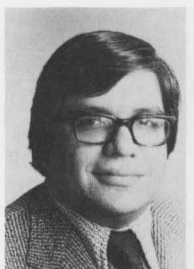


# Who Makes It Work.



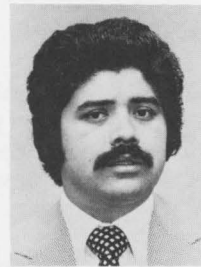
**ELIAS LUNA, Vice President**—Business Development, designed and managed VISTA training programs and developed VISTA work programs in health, community and economic development, education and manpower before joining MACEP. He attended the Housing Development Specialists Program in Washington, D.C., where he studied tactics for

coordinating housing development with needs of low and moderate income Mexican Americans, and utilized this expertise while serving as MACEP's Housing Developer. Mr. Luna's academic background includes work at the University of Texas and Southwest Texas Junior College.



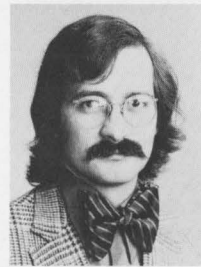
**JOSE AGUILAR, President**—Mexican American Development Corporation, a MACEP holding company, has served as Director of Training at the Corpus Christi Economic Development Corporation, Del Mar College, and as chief accountant and business counselor for CCEDC. He was a Texas A&I professor of business management and

accounting for three years, and is a Certified Public Accountant. Mr. Aguilar also managed joint venture accounting for Wanda Petroleum Company, and worked as an accountant for Uniroyal Merchandising Company. He holds a B.B.A. in Accounting from the University of Houston and M.B.A. from Texas A&I University.



**ARTURO CASILLAS, President**, is a businessman whose interest in social change prompted his joining VISTA as a supervisor trainer. He also served as trainer with the Leo Kramer Consultant Firm, General Electric, and the Urban Research Group. After an economic development internship with the National Council for Equal Business Opportunity,

Mr. Casillas became that organization's Vice-President. His extensive experience in all facets of business management was instrumental in MACEP's successful creation of Economic Development Corporations in Corpus Christi, Austin, and Uvalde, Texas. His academic background includes study at the University of California-Berkeley and at Del Mar College in Corpus Christi.



**AURELIO MONTEMAYOR, Vice President**—Human Resources Development, was a high school English teacher before becoming State Training Officer for VISTA. He also served as vice-president of the Colegio Jacinto Treviño, the first Chicano college in South Texas, has addressed sessions of the National Conference of Churches on minority problems,

and has been a witness for the U.S. Commission on Civil Rights in San Antonio. At MACEP, his training skills have led to cross-cultural training programs and a 15-week, college level course in management and business skills for migrant farm workers. He holds a B.A., St. Edward's University; a M.Ed., bilingual-bicultural Education from Antioch Juarez-Lincoln.



**OMERO LUNA, Executive Director**, was formerly MACEP's Director of Training, with responsibility for business development and packaging and MACEP's business course for migrants and seasonal farm workers. Before joining MACEP he worked as a manager for Endura of California and McFatter Firestone Stores, and was District Program Director for

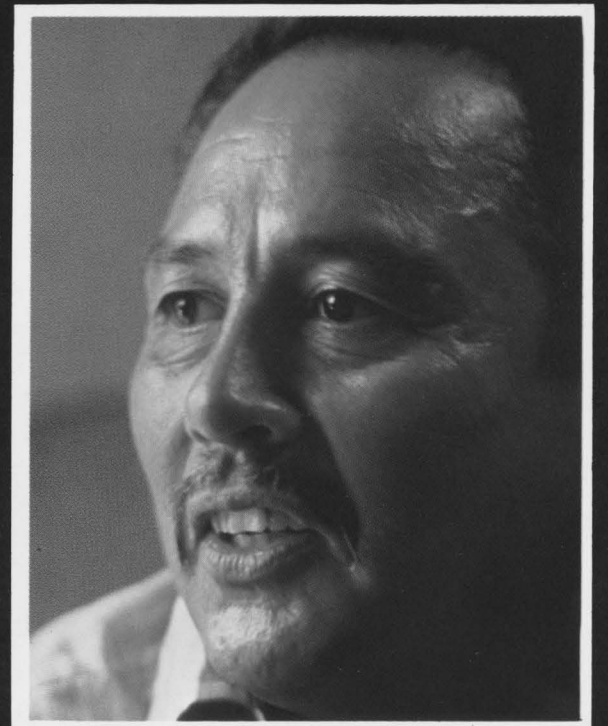
the Boy Scouts of America. Mr. Luna earned a B.B.A. in Management from Texas A&I University and attended the National Executive Institute in New Mexico and the managerial school of St. Edward's University. He is a member of the American Management Association and the American Executive Program.

*Many of the original aims of the group which founded MACEP have been reached. But as our experience has grown, so has our knowledge of the problems we face. Poverty and discrimination are complex issues, not easily dealt with, yet we remain convinced that economic development is the key.*

*We shall continue to establish Economic Development Corporations and minority-oriented lending institutions. We'll be identifying significant financial ventures for minority investment, and adding new courses to our training programs. We are completing arrangements with college and universities for degree plans aimed at educating minority owners, as well as employees. And our experience and information will be pooled in a Research and Publication Center for use by Mexican Americans on a regional level.*

*MACEP will continue to grow, but we must have community support—both financial and social—to help our people gain effective money power.*

*As the minority community enters our nation's economic mainstream, our entire society will benefit. The specter of social unrest and wasted lives will fade, and none of us will face the frustration of predetermined failure. We at MACEP dedicate our lives to achieving this goal.*





**MACEP Legal Membership**

Jose Aguilar  
Arturo Casillas  
Roberto Flores  
Elias Luna  
Omero Luna  
Aurelio Montemayor  
Merle Smith  
John Stephenson  
Jose Uriegas

**MACEP Board of Directors**

Ruben Armendaris  
Ruben Barrera  
Gonzalo Barrientos  
Richard F. Brown  
Pat Flynn  
Leonel Garza  
Richard King, III  
J. C. Looney  
Ray Marshall  
Marcel Rocha  
Hector Serna  
Merle Smith  
John Stephenson



**MINORITY ECONOMIC DEVELOPMENT**

3001 S. Congress ☐ Austin, Texas 78704  
512 ☐ 444-3262

October 30, 1974

Mr. Tom Kleppe  
Small Business Administration  
1441 "L" Street  
Washington, D.C.

Dear Sir:

It is my understanding that Tejas Investment Coporation has submitted an application to your agency for a MESBIC (Minority Enterprise Small Business Investment Corporation) license.

South Texas, the area to be served by Tejas Investment, has long been in need of an investment company to meet the equity requirements of disadvantaged minority businessmen.

The purpose of this letter is to seek your cooperation in seeing to it that the above mentioned application is handled in an expeditious and efficient manner. The need for expediency is caused by extenuating circumstances demanding that this license applications be finalized on or before November 15, 1974.

Please keep me posted as to the progress of this application in regards to the target date.

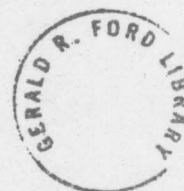
Sincerely,

C.C.

W. Hallard —

S.B.A. - 8th Floor

A. Cyr



October 30, 1974

Mr. Tom Kleppe  
Small Business Administration  
1441 "L" Street  
Washington, D.C.

Dear Sir:

The Mexican American Council for Economic Progress is recognized for the excellent work it has performed in Community and economic development work. It is felt that their contribution is vital to an even growing effort to develop minority businessmen in South Texas.

It has been brought to my attention that due to certain programatic problems, the MACEP is in danger of forfeiting some of its contracts if they cannot obtain a MESBIC license for Tejas Investment Corporation by November 15, 1974.

For this reason, I would like to request that you assist them in any way possible to expedite this application.

Please advise me if this can be done at your earliest possible convenience.

Sincerely yours,

C. C.

W a Hand

A. C. R.

