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*Minority Economic Development and Investments:
Trends and Challenges in the African-American Community*

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Abstract by Carrie Mitchell

This article reviews the legal, regulatory, organizational and strategic issues facing the African-American community as it seeks to promote opportunity and progress through investment. The article first presents a hypothetical based on a composite of social and economic circumstances in many African-American communities. There are important legal, regulatory and policy challenges facing projects run by and for minorities and the article proposes guidelines for successful implementation. Examples include the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940 and the standards for fiduciary duty and the “prudent man” are pertinent. Under the Securities Act of 1933, promoters should understand that they may be selling securities, which may require compliance with the Act.

Managers of investment funds should make accountability, transparency, participation and education strong themes of their investment clubs. In addition, the question of fiduciary duty arises in situations such as these, where managers must be diligent, informed and have a reasonable basis for their decisions. New investment vehicles used by the African American community to promote economic prosperity require promoters and investors to be aware of the legal framework in which these investment vehicles operate. The African-American community must promote the necessary knowledge among members of the community to successfully operate these investment vehicles to lead to prosperity.