



E. C. BABB, President  
A. G. WILCOX, Secretary  
J. J. ANKENY, Treasurer  
J. C. HAYNES, Attorney

*Minneapolis, Minn.* July 11th, 1892.

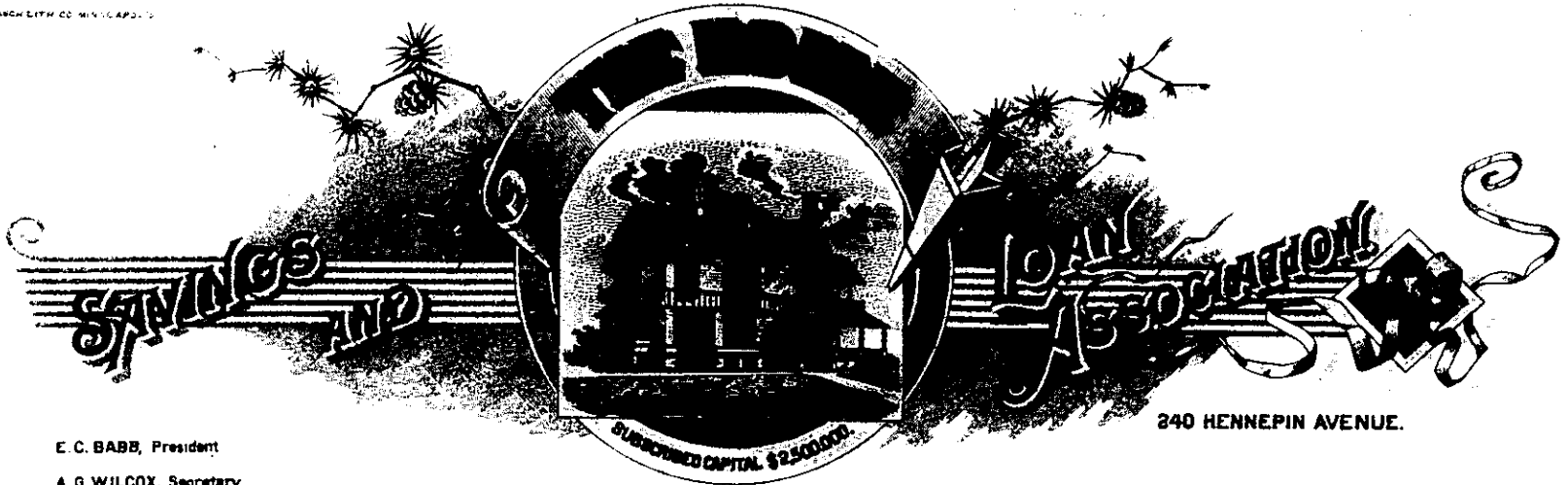
Judge Albion Tourgee,  
Mayville, N. Y.  
My dear Sir:--

Referring to yours of June 24th relating to the organization of a mutual company for the purchase and sale of land for colonization purposes, I suggest that there are two distinct plans open.

You can organize an association on the plan of a "permanent Building and Loan Association" (which, by the way, is a misnomer as these associations do not build at all but only loan money) in which both investors and borrowers would share in the profits, or you can make a purely investment association, the business of which will be to buy property and sell it on the installment plan, to whoever wants to buy.

In either case, the "mutual" plan is feasible.

1. Make shares \$100 each.
2. Charge \$1.00 per share membership fee (to be used to pay solicitors to secure subscriptions to stock.)
3. Provide that shares may be paid in installments of \$1.00 or more per month. This permits those who wish, to pay in full in advance, while those who cannot, may pay in agreed upon installments at regular intervals, under an admirable plan for saving.
4. Pay pro rata dividends to all, every six months, in



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proportion to amount invested and time it has been invested.

5. Membership fee must pay agents for securing installment stock, but would allow 2% commission on money paid in through agents on fully paid shares.

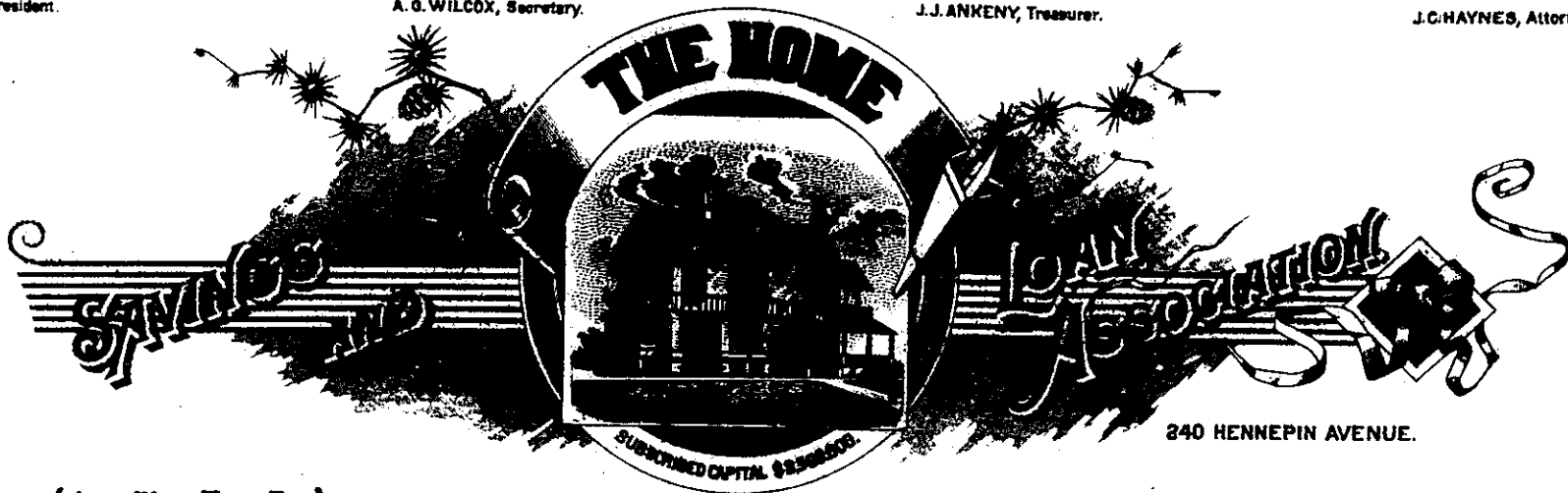
6. Expenses <sup>of office force & salaries, beyond membership fees,</sup> to be deducted from profits and balance less loss go to dividends.

7. Borrowers or buyers to subscribe for as many shares of installment stock at \$100 per share, as their purchase price contains \$100 and to pay the interest in monthly or quarterly, or semi-annual installments, besides the required installment of the principal, which may be fixed at a sum which will pay debt in 5, 10 or 15 years, or any other term. On all installments of principal, the buyer to receive the same dividend as the investor. The above plan is simple and fair.

8. Provide for the accumulation of a Reserve Fund by the appropriation of such sum as the Directors may deem wise, not to exceed say 1%, out of earnings, on each dividend day.

9. When a buyer's installments, paid in on his stock, together with dividends, mature it (that is make each share \$100) let the stock (held as collateral security) cancel the debt.

10. Sell property acquired at 100% profit but make interest not to exceed 6%, or better 5%.



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11. Give contract for deed instead of Warranty Deed, so as to avoid foreclosure expenses in case of default.

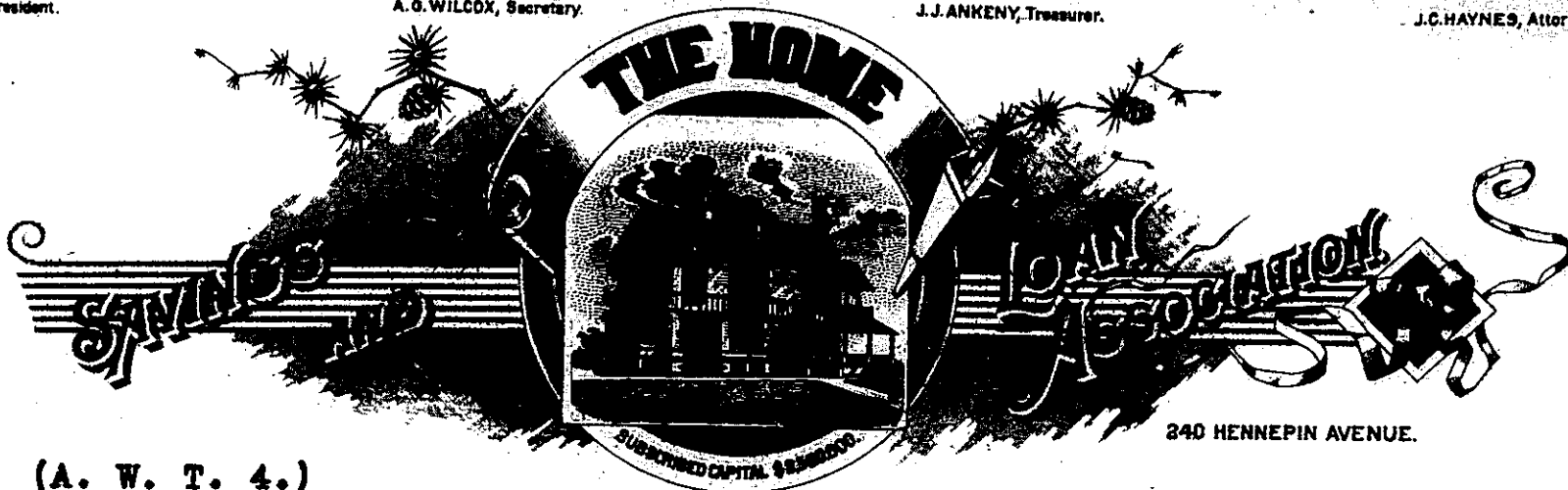
12. Let stockholders at annual meeting elect Directors, and the directors the officers. Make number of directors small and pay them for their services. Have a paid manager. Let all other officers serve for their salaries as directors. Their salaries should be regulated by "what the traffic will bear." That is they should be small at first but larger as the business grows.

13. Limit indebtedness to one-third the assets of the Association.

14. Time of duration 30 years. 10 years is too short a time. If unprofitable it will wind itself up. If profitable 30 years is not too long an existence.

15. Make the Executive Committee out of the Board of Directors and make the Manager one of them. Let a few men do the business, pay them for it and hold them responsible. An attorney is a necessity as a legal adviser.

16. The above is purely mutual and is in many points attractive. The other plan would be mutual only so far as the investor is concerned. The buyer or borrower would have no interest in profits. He would buy his land for a fixed sum and would pay interest and a portion of the principal in installments, the min-



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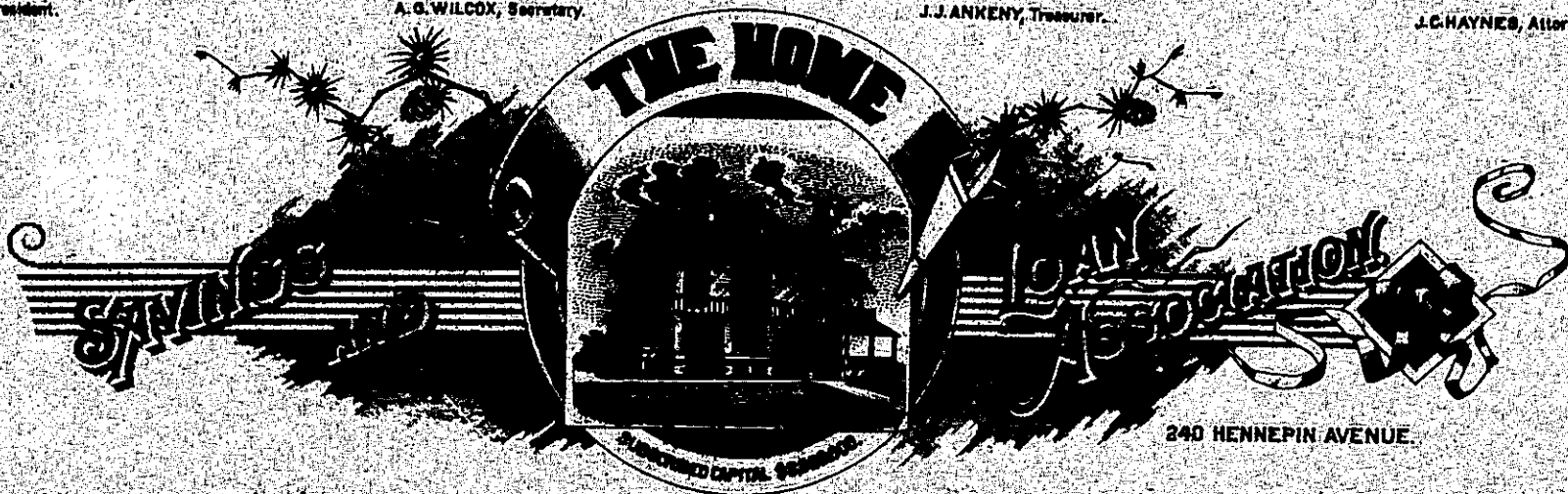
imum of installment being agreed upon, but every encouragement being given to pay more for rapid liquidation.

Or what would perhaps be simpler, add to price of property, interest for 5, 10 or 15 years, and divide the whole into monthly or quarterly payments.

17. As the directors would be elected, say 1/4 every year, it would probably not be necessary to limit expense, beyond having a full accounting rendered to every member at every annual stockholders' meeting. Publicity and the liability to be voted out would be sufficient check.

18. Make it purely a business venture, but it would be attractive to Philanthropists as offering a solution of the race problem that would at the same time put money in their pockets. I would buy land and property to locate families anywhere where their rights were respected, always keeping in mind the cost of looking after property which gets in arrears when too far away from home office. It would be best to group properties, not all in one state but so as to be reasonably accessible.

19. Have only men of good business standing on Board of Directors. Have as stockholders and references as many prominent philanthropists as possible, but keep business in the foreground, or at least abreast with Philanthropy;



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Have only white Americans on the Board of Directors and officers, Philanthropy might want a mixture but even Philanthropists dislike being placed in close business relations with colored people, Jews, or other classes who for any reason might not be agreeable.

I enclose you a folder of our plan which, if examined may clear up some points in above, which would be obscure.

The plan is simple, just and equitable. Its success depends on vigorous management, most careful buying, and judicious selling. The checks against dishonesty must be such as an honest man <sup>agor</sup> would want but must not hamper the Manager and Board. They must have power to invest money and sell property as their judgment dictates, or they could not succeed.

The Executive Committee should be local. The rest might be elsewhere.

Very truly yours,

*A. G. Wilcox*