



Profiting from Black & Brown Dollars:

The Racial Dimension of Western Union's Corporate Practices

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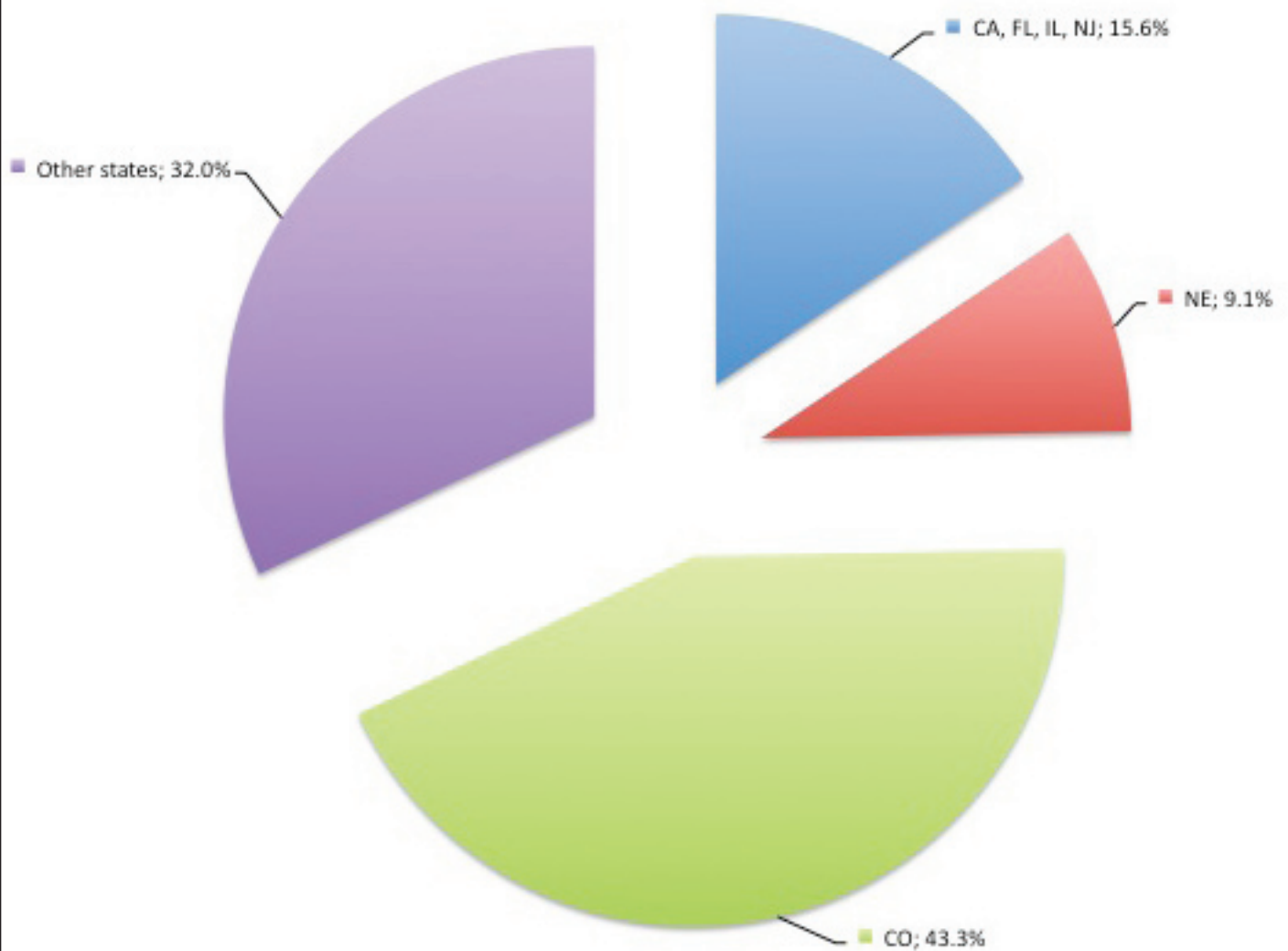
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Western Union Foundation Giving Practices 2001 - 2006

WESTERN UNION FOUNDATION GRANT RECIPIENTS (% BY STATE 2001-2006)



How does the Western Union Foundation's giving practices correlate to Western Union's profits?

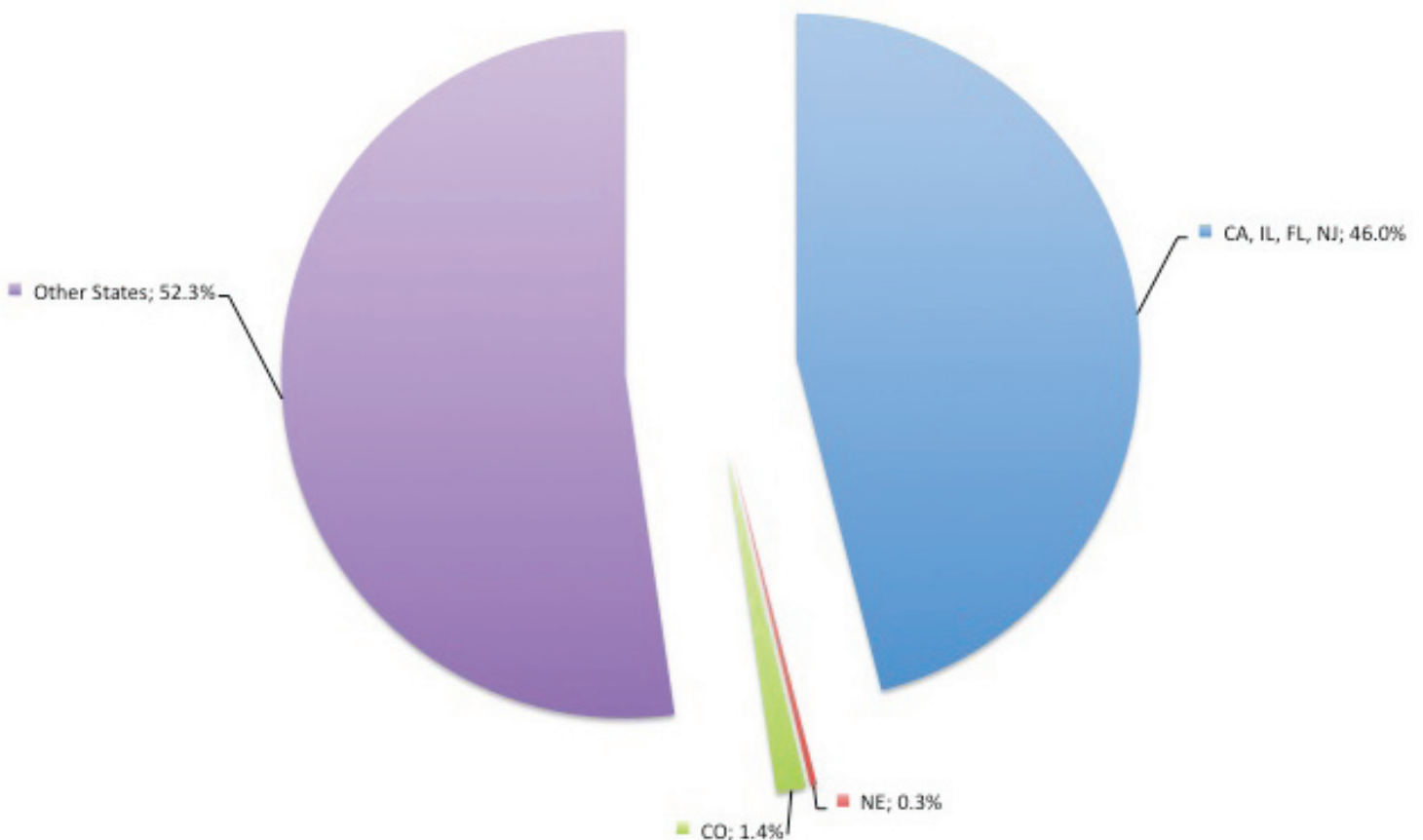
In 2006, over \$45 billion was sent from the United States to Latin America (Bendixen, 2006 Report). As migrants send their money to loved ones, the money-transfer industry not only exploits their love, but fails in providing philanthropic support to the communities they profit from the most.

Western Union, the leader of the industry, established the Western Union Foundation in 2001 in response to a class action lawsuit. We have evaluated the Foundation's giving practices from 2001 through 2006 to determine if they have genuinely partnered with immigrant communities.

Based on a quick look at a state by state analysis, the Foundation has provided almost half of its grants to Colorado-based recipients, while less than a fifth have gone to California, Florida, Illinois and New Jersey combined.

At the same time, remittances from these states illustrate a negative correlation. Almost half of remittances sent to Latin America in 2006 came from CA, IL, FL and NJ, while only one percent were from Colorado.

% OF REMITTANCES TO LATIN AMERICA BY STATE IN 2006



A Case Study: Oakland, CA & Omaha, NE

Two similarly sized cities, with significantly different demographics and with different priorities for Western Union and the Western Union Foundation. Omaha has a population of 390,007, while Oakland has a population of 399,484.

Between 2001 and 2006, the Western Union Foundation gave 108 grants to recipients in Omaha, Nebraska. During the same period, Oakland, California received only one grant from the Foundation.

The tables below illustrate the demographics in zip codes that show the highest concentration of Western Union agents in Omaha and Oakland. We can see how the Oakland zip codes have significantly more Western Union agents than Omaha, a higher percentage of people of color, at least double the percentage of foreign-born residents, and a higher percentage of families living below the poverty

line.

A quick analysis of the two cities illustrates how Western Union prioritizes its corporate giving in relation to net profit.

Based on surveys in 2006, there were 621,419 remittance transactions made in Oakland, 186,425 were made through Western Union, creating a total revenue of about **3.5 million dollars**. (Refer to table on the next page for details)

These findings further illustrate Western Union's racially inequitable philanthropic practices. The Foundation's philanthropy does not reinvest in the communities that Western Union profits from. While Colorado and Nebraska account for 52.4% of the Foundation's giving between 2001-2006, the two states combined account for 1.7% of the total remittances sent from the U.S. to Latin America in 2006.

OMAHA DEMOGRAPHICS

Zip Code	# of Western Union Agents	% People of Color	% Foreign Born Residents	Median Household Income in 1999 (dollars)	% of Families Below Poverty	% of Individuals Below Poverty Line
68102	2	63.7	8.2	20,510	16.2	26.9
68105	2	19.8	15	30,851	10.8	15.8
68107	3	32.6	20.2	31,067	13.6	18
68131	3	35.1	11.1	24,882	17	23.3
68132	2	13.6	8.1	36,765	4.6	9.9

OAKLAND DEMOGRAPHICS

Zip Code	# of Western Union Agents	% People of Color	% Foreign Born Residents	Median Household Income in 1999 (dollars)	% of Families Below Poverty	% of Individuals Below Poverty Line
94601	8	74.3	43.4	33,152	21.4	24.5
94603	5	83	26.4	34,755	21	23.6
94607	7	88.7	30	21,124	28.9	32.2
94612	5	76.5	34.7	20,034	23.9	31.4
94621	4	84	30.7	29,181	26.1	28.2

Oakland Remitters Statistics	Total Pop. 399,484 People, 79,587 Adult Im-migrants
Projected Number Of Remitters (@ 64%):	50,936
Projected Total Annual Remittance: (\$2,679 Average Per Remitter)	\$136,457,544
Projected Total Number Of Annual Transactions: (11.8 Transactions Per Remitter)	601,044
Projected Total Annual Cost to send money home: (\$16.38 per transaction)	\$9,845,100
Western Union's Market Share (30%)	\$3,500,000 per year

Average Fee Per Transaction:	\$10.65
Average Amount Per Transaction:	\$229
Average Exchange Rate Comm (@2.5% Of \$229):	\$5.73
Projected Cost Per Transaction:	\$16.38

While Profitting from Immigrant Communities, Corporate Giving Serves Non-Remitters

Location	W.U. Founda-tion Giving (2001-2006)	Western Union Agents	% Foreign Born	% of US Remit-tances by State to Latin America (Bendixen 2006)
Oakland	1 grant, \$20,000	53	26.6%	29.1% (CA)
Omaha	108 grants	15	6.6%	0.3% (NE)

Genuine Community Reinvestment

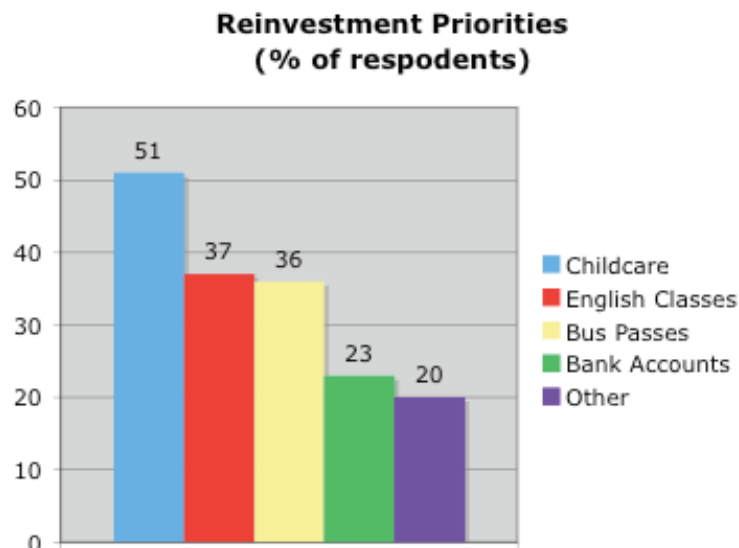
Community reinvestment goes beyond charitable giving and corporate volunteering. Instead, it focuses on building social capital and identifying community needs to develop long-term programs that reflect those needs. This means developing effective partnerships with the people and organizations that intimately understand the needs and aspirations of the community.

Western Union's current philanthropic practices do NOT amount to community reinvestment. Corporate giving must be channeled towards the economic benefit of the communities served by a company, to qualify as genuine community reinvestment. By this measure, Western Union also fails. The company does not partner directly with those immigrant communities from which it derives its massive profits.

Community participation in reinvestment is crucial for self-determination and ensuring community needs are addressed. The Western Union Foundation does not build genuine partnerships in the communities that Western Union profits from.

Western Union's self-proclaimed reinvestment amounts to charity that does not allow communities to determine their own needs. Western Union continues to refuse to partner with community-controlled,

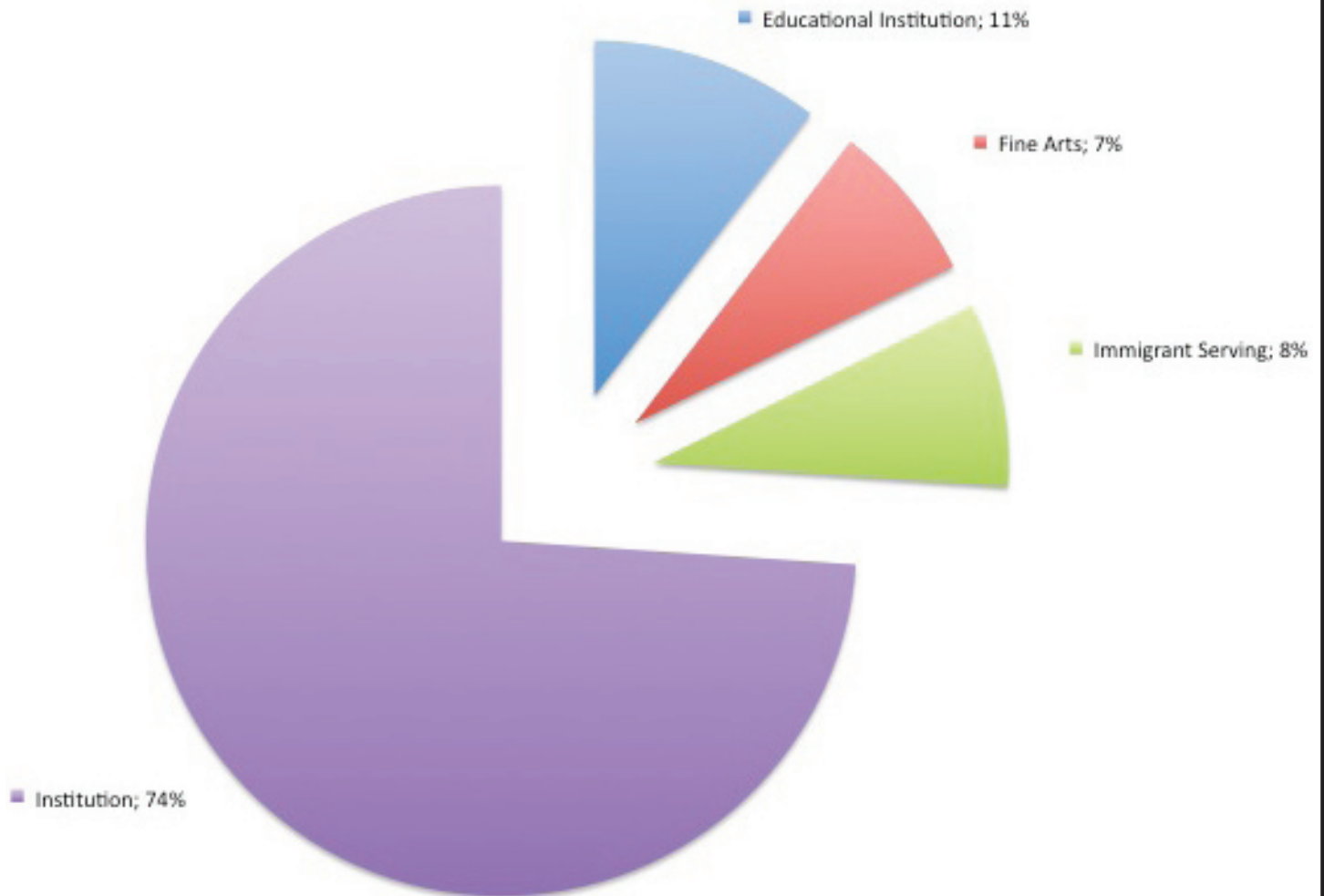
In an informal survey of Immigrants in Oakland, CA in 2006, it was determined that the majority of desired services focuses on three aspects; access to child care, access to English language classes and transportation subsidies:



1. Nationwide, of the 231 organizations receiving Western Union Foundation grants in 2004, none provided any of the desired services with the exception of 4 organizations that offered ESL classes.
2. For 2005, this same pattern repeated itself, with 249 organizations receiving money and only 1 organization providing ESL and limited child care services.
3. Yet again, in 2006, 203 organizations received money and only 2 organizations provided these sought after services, only offering ESL classes.

remitter-serving organizations. While it doesn't hesitate to profit from remitters, Western Union appears to think that community remitters don't need to be partners in its corporate giving.

WESTERN UNION FOUNDATION RECIPIENTS BY CATEGORY (2004-2006)



Summary

While many of the organizations receiving grants from the Western Union Foundation may be providing necessary services, the vast majority of the organizations are not specifically in the interests of those who use Western Union's services.

Providing three-quarters of its grants to Institutions, the Foundation is ignoring the communities where Western Union has the highest density of agents. These areas are where Western Union extracts the most money, yet it returns al-

most none of it back through its "corporate giving."

With some of the highest profit margins in the corporate world, Western Union gives back significantly less than other corporations, including Chevron and Wal-Mart, giving less than \$.49 per \$100 of profit. Even with this giving, our research indicates that this charity ends up far from those who provide its profits. The racial dimension of its corporate practices are evident as communities of color carry the burden of providing Western Union its profits, and see little return to their communities.

How can Western Union improve its practices?

Based on our research, it is clear that Western Union has failed at genuine community reinvestment. We are asking that Western Union consider adopting a resolution to implement a company policy for community reinvestment. In November 2007, in partnership with Western Union shareholders, we submitted a resolution to establish such a policy. Unfortunately, Western

Union challenged the resolution with the SEC and shareholders will not have the opportunity to vote on the resolution. Below is the shareholder resolution which was proposed. We ask Western Union to reconsider adopting such a resolution as a means to improve its business practices and to give back to the communities it profits from.

Western Union Shareholder Resolution

WHEREAS: Western Union's customers are mostly urban and poor. The typical user of remittance services is a low-wage immigrant worker who lives in urban America, makes \$15,600 annually and sends home \$293 a month, almost 30% of his or her net monthly income. (1) These remitters spend up to \$300 a year on costly transaction fees and disadvantageous exchange rates, which equals one week's salary for the remitter or at least sixty days' salary for their kin in San Salvador, Mexico City, and Manila.(2)

Western Union's makes its profits from the working poor.

WHEREAS: Remittances contribute about 80% to a recipient household's total income. Almost half of Philippine households who receive remittances depend solely on this source of income. The highest monthly allocations for expenses from remittances are for food, rent, and education.(3)

WHEREAS: Western Union serves many of the financial needs of this population, as a bank might. It has a major presence in neighborhoods with a concentration of poverty and racial minorities.(4)

The federal law known as the Community Reinvestment Act (CRA) obligates federally insured banks and depository institutions to help meet the needs of communities in which they operate. No such law exists for money transfer agencies.

Federal Reserve Chairman Ben Bernanke stated in

March 2007 that "the CRA reaffirmed the long-standing principle that financial institutions must serve the convenience and needs...of the communities in which they are chartered." (5)

BE IT RESOLVED THAT: the Company develop and implement a written policy for community reinvestment. In developing the policy, shareholders ask the company to consider: 1) the difference between philanthropic investment and community-led investment; 2) how much to invest: a proportion of assets or a percentage of profits in a given geographic region; 3) which activities to invest in (education, culture & arts, health); and 4) who the beneficiaries will be.

Supporting Statement

In our view, community investment goes beyond charitable donations and corporate volunteering. It means a policy and strategy to build social capital in a community by engaging community organizers to identify community needs, and then developing long-term programs that reflect those needs.

Footnotes:

(1) *Distributing Prepaid Cards through Worker Centers: A Gateway to Asset Building for Low-Income Households*, The Center for Financial Services Innovation, October 2006.

(2) *TIGRA Research*, April, 2007.

(3) *Enhancing the Efficiency of Overseas Workers Remittance*, Asian Development Bank, July 2004.

(4) *Analysis of Alternative Financial Service Providers*, Urban Institute, 2004.

(5) *The Community Reinvestment Act: Its Evolution and New Challenges*, Federal Reserve Chairman Ben S. Bernanke, 3/30/07.



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