



November 26, 2021

John W. Rogers Jr.

McDonald's Board Member – New York Times Board Member – Nike Board Member
Founder – Chair – Co-CEO – CIO

Ariel Investments LLC

200 East Randolph Street, Suite 2900

Chicago, IL 60601

Mellody Hobson

J. P. Morgan Chase Board Member – Starbucks Chair – The Rockefeller Foundation Board Member
Co-CEO – President

Ariel Investments LLC

Chairman of the Board of Trustees

Ariel Investment Trust

Co-Founder

Ariel Alternatives LLC

200 East Randolph Street, Suite 2900

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Dear John and Mellody,

As a recap and follow up to the 30-minute zoom meeting on November 23, 2021, with Nikki Stokes-Thompson Chief of Staff Ariel Alternatives; I would like to say the introduction to Ariel Alternatives was less than welcoming nor at the decision-making level we had discussed and agreed, Mellody Hobson or Leslie Brun – Co-Founders Ariel Alternatives. The investment strategy for Ariel Alternatives, which is for **Project Black** to buy into Majority White-Owned companies to give the Majority White-Owned companies the ability to claim a Black equity partner with a minority interest (NO CONTROL), is exactly what **DON'T BE McFOOLED** has been exposing and educating the Black and Brown communities about with the Corporate Systemic Racism going on with McDonald's – McDonald's National (J.P. Morgan Chase) & Regional Lenders and in Corporate America.

As Mrs. Hobson is a J.P. Morgan Chase Board Member – Ariel Alternatives Co-Founder, of which J.P. Morgan Chase is an Ariel Alternatives Fund Partner with a \$200 Million Co-Investment commitment to **Project Black**, and with the exponential amount of Black-Washing and Black-Box checking going on in Corporate America since the murder of George Floyd; it gives us great pause knowing that and J.P. Morgan Chase's \$30 Billion Racial Equity Commitment; which sounds good and has good optics for the untrained ears and eyes. By J.P. Morgan Chase committing more mortgages to expanding affordable housing and homeownership, which as you know the assets and money never leave the bank and allows J.P. Morgan Chase to check the CRA (Community Reinvestment Act) and ESG (Environmental – Social – Governance) boxes and further perpetrate their \$30 Billion Racial Equity Commitment.

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As you (John and Mellody) know, the Call Center investment Nikki mentioned is the way White Majority-Owned companies exploit Minority status (**Project Black**) to procure government contracts. That's why I asked Nikki, who's getting the biggest ROI, the Fund Partners or the Black community; which we all know the answer is the Fund Partners (J.P. Morgan Chase) along with the Fund Managers (Ariel Alternatives). On November 20, 2021, I was contacted via text by a NYC Investment Banker because of my Black (Minority) status and to utilize my political capital in Ohio and Mississippi to procure government contracts as a Black Majority-Owned (51/49) Minority Sleeve of the White Majority-Owned near bankrupt Ohio Call Center; which was nothing except a Black hedge with government guaranteed contracts.

In seven (7) years with the amount of research and high-level meetings from President Bill Clinton to National Urban League President & CEO Marc H. Morial to Reverend Jesse L. Jackson Sr. to Eric G. Johnson President Baldwin Richardson Foods – Finance Chair Lincoln Financial Group to US Congressman Danny K. Davis to US Congressman Bennie G. Thompson and directly engaging Citigroup's CEOs (Jane Fraser – Current and Michael L. Corbat – Former), Julian Salisbury Global Head of Asset Management Goldman Sachs and John G. Stumpf Former Chairman – CEO – President Wells Fargo, the only organization that I have engaged exhibiting true, genuine support for Racial Equity is the Multicultural Foodservice Hospitality Alliance (**MFHA**) through its **Pathways to Black Franchisee Ownership Program**, which PepsiCo's **Dig In** is a partner and how PepsiCo plans to help Black-Owned restaurants generate \$100 Million in sales over the next five (5) years as part of PepsiCo's \$400 Million Racial Equality Causes.

As of December 31, 2020, Citigroup had \$2.261 Trillion in assets and Citigroup's CITI Impact Fund (\$200 Million) boasts its the largest impact fund ever launched by a bank using its own capital (\$50M), which is a part of CITI's Action for Racial Equity that boasts its invested \$1 Billion in strategic initiatives to help close the racial wealth gap and increase economic mobility in the United States in year one (1) of a three-year commitment. As I said in the beginning these Black-Washing and Black-Box checking initiatives sound and look wonderful to the untrained ears and eyes, except we say **DON'T BE McFOOLED** by Citigroup only checking the CRA (Community Reinvestment Act) and ESG (Environmental – Social – Governance) boxes because the strategic initiatives are the same as J.P. Morgan Chase and the the custodian of the money and assets remain within Citigroup. After we engaged Jane Fraser CEO Citigroup and John C. Dugan Chairman Citigroup on April 14, 2021, we had zoom meetings with Citigroup's CITI Impact Team on June 3, 2021, and August 17, 2021; therefore, our summation is based on firsthand account.

As of March 31, 2021, Goldman Sachs Asset Management (GSAM) had over \$2 Trillion in Assets Under Management (AUM) and GSAM's Launch with GS as does CITI Impact Fund boasts a \$1 Billion investment strategy to increase access to capital and facilitate connections for women, Black, LatinX and other diverse entrepreneurs and investors. By now, if you don't hear the echo and see the mirroring going on with these Big Banks with their Black-Washing and Black-Box checking campaigns for CRA (Community Reinvestment Act) and ESG (Environmental – Social – Governance) Investing in Corporate America and Globally; then, your 38 plus year career in financial services has been in vain or your moral compass is as bad as theirs because Global ESG assets are on track to exceed \$53 Trillion by 2025

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and Citigroup's Closing the Racial Inequality Gaps: The Economic Cost of Black Inequality in the US Report (September 2020) puts the cost at \$16 Trillion over the past 20 years; which collectively between CITI's Action for Racial Equity (\$1 Billion) and Launch with GS (\$1 Billion) is \$2 Billion (0.000125% of \$16 Trillion). On October 26, 2021, I directly engaged Julian Salisbury Global Head Asset Management GSAM and on November 10, 2021, I had a zoom meeting with Suzanne F. Gauron Managing Director – Global Head of Launch with GS; which is only interested in direct lending, leveraging up equity and subordinated debt and thought that Roark Capital would be interested. Therefore, this is another firsthand account of how these Big Banks have financially engineered this CRA and ESG investment scheme to systemically eliminate the growth and development of Black franchisees.

When I questioned the National Urban League (NUL) – Urban Empowerment Fund (UEF) Executive about what happened to the \$10 Million PepsiCo grant in December 2020 to NUL to create the Black Restaurant Accelerator, I'm still waiting for answers and transparency as to what happened to NUL's Black Restaurant Accelerator Program and PepsiCo's \$10 Million grant. On April 2, 2015, we (Investment Banker / Attorney Norbert A. Simmons, Darrell & James F. Byrd Jr. – McDonald's Franchisees – NBMOA Members and I) met with National Urban League President & CEO Marc H. Morial about the same McDonald's disparities (rent, sales, cash flow, store locations, etc.) along with the inability to grow and develop that existed then and persists now, which McDonald's needs to re-grow the Black franchisees (NBMOA) from today's low of approximately 186 to the 377 high of 1998.

Based on the NBMOA 2nd Quarter Board Meeting Presentation (June 11, 2020), MFHA's Pathways to Black Franchisee Ownership Program along with Equity For All's Black Franchisee Fund would have impacted the NFO's Short Term – Mid Term – Long Term Support Goals for the NBMOA and the Disparity (Gaps) Acknowledgements below:

Short Term Support

- Round 1 – Reviewing each individual organization solution including rent reduction
- Round 2 – Reviewing each individual organization solution including rent reduction

Mid Term Support

- Close underperforming & low volume/low cash flow restaurants with operator buy-in
- Working with existing operators to improve portfolio & identify growth opportunities
- Working with Next Gen candidates
- Conduct BMOA operator meetings & host workshops for NFO BMOA operators quarterly

Long Term Support

- Identify high volume/high cash flow restaurant opportunities for new African American operators
- Work NBMOA to identify additional operators
- Work with National Franchising to identify African American registered applicants

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Summary

- We acknowledge our gap is the highest in the country and we are actively working to improve the gap.
- Our Round 2 adjustments should cut the gap by more than 50% and improve it to ~65K
- We will continue to work with operators on P&L opportunities and improve the gap further
- We will actively identify franchising opportunities & work with NBMOA leaders closely to bring new African American operators to the field office
- We appreciate the NBMOA partnership

NBMOA 49th Biennial Presentation (September 13 – 14, 2021) US Progress Overview:

**BMOA
U.S. Progress
Overview**

- Cash Flow Gap Improvement is \$26K
- BMOA rent 10.85% at TTM in Sept. 2019, now 9.78% (reduction of 1.07%)
 - Non-BMOA relatively constant – rent gap reduced 1.07%
- Rent Reductions Provided to BMOA
 - \$24.9M in annual reductions at ~400 restaurants
 - \$14.5M lump sum payments provided in 2020
 - \$303.6M estimated total reductions from 2020 through rewrite
 - \$129.1M estimated NPV of reductions from 2020 through rewrite
- Equity improvements based on rent reductions
 - \$102K increase in value per BMOA restaurant
 - \$756K increase in value per BMOA organization

McDonald's National & Regional Lenders:

- J.P. Morgan Chase
- Bank of America Merrill Lynch
- BMO Harris Bank
- Citizens Bank
- Huntington Bank
- PNC Bank
- Truist - SunTrust & BB&T
- Synovus
- US Bank
- Wells Fargo
- Wintrust - Highland Park B&T
- TD Bank
- Regions Bank

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- Key Bank

NBMOA 49th Biennial Presentation (September 13 – 14, 2021) ZP Areas of Focus:

ZP Areas of Focus

- Continuously **improve BMOA cash flow gap**
- Actively source **opportunities for growth** for BMOA operators
- Recruit **new African-American owner operators**
- **Recruit, hire and retain** African-American employees

Without NBMOA Chairman Larry Tripplett leveraging the four (4) discrimination lawsuits and the DON'T BE McFOOLED Campaign, the minimal progress (Mostly Accounting and Not Direct CASH Expenditures) above between the NBMOA 2nd Quarter Board Meeting (June 11, 2020) and NBMOA 49th Biennial Presentation (September 13 – 14, 2021) would not have happened because 2006 NBMOA Chairman Ernie Adair (Current NBMOA Finance Committee Chairman) was fighting for these same changes in 2006, which are outlined in the NBMOA 2006 Strategy and Direction Presentation, and the Famous 18 Black McDonald's Franchisees thought that they had achieved in 1998.

At the same time PepsiCo has committed \$400 Million to Racial Equality Causes, I have asked PepsiCo why Hampton University President William R. Harvey is the only Black Pepsi Bottler and 100% Black-Owned; which is a Franchise and Franchises are vehicles to closing Racial Equity Gaps – Racial Wealth Gaps – Racial Wage Gaps and why we chose Franchising (Restaurants – Automotive – Hospitality) to impact the Racial Inequality Gaps in the Black community and supporting MFHA's Pathways to Black Franchisee Ownership Program.

When you (John) loaned Eric G. Johnson, your hero's (George E. Johnson) son, the money to buy Baldwin Richardson Foods, you gave Eric, a 2nd Generation Black Entrepreneur, the ability to grow the generational wealth that George Johnson Founder Johnson Products (Ultra Sheen and Afro Sheen) developed and transferred it to Eric, who transferred it to the 3rd Generation of Johnson's (Erin Johnson-Tolefree and Cara Johnson-Hughes). The financial literacy, wealth development and wealth transfer that we aim to create with the Equity For All Black Franchisee Fund won't be limited to the chosen few.

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I was pleased to see that Dieter Waizenegger Executive Director CtW Investment Group – SOC Investment Group took action on behalf of the Union Pension Funds (2.5 Million McDonald's Shares) and called for McDonald's Board to do a Civil Rights Audit of McDonald's operations; which I provided him the same documents, that I provided you, in my three (3) emails and iMessages on August 26, 2021. It's going to be interesting to see the results of McDonalds Civil Rights Audit, while at the same time McDonald's fights the shareholder derivative lawsuit, PHYLLIS GIANOTTI v LLOYD H. DEAN, ROBERT A. ECKERT, MARGARET H. GEORGIADIS, ENRIQUE HERNANDEZ, JR., JOHN J. MULLIGAN, SHEILA PENROSE, JOHN W. ROGERS, JR., MILES D. WHITE, CATHERINE ENGELBERT, STEPHEN JAMES EASTERBROOK, CHRISTOPHER KEMPCZINSKI, DAVID FAIRHURST, CHARLES STRONG, and MORGAN LEWIS & BOCKIUS LLP v MCDONALD'S CORPORATION; because of the mishandling of the sexual harassment, racial discrimination and misconduct claims. Citigroup and BlackRock have already changed their minds about doing the Civil Rights Audit; so let's see if we can help Goldman Sachs and Wells Fargo (McDonald's National Lender) change theirs.

In 2008, Jaime Dimon Chairman & CEO J.P. Morgan Chase, David Topper Former Vice Chairman J.P. Morgan Chase, Matthew Flocks and I were going to utilize J.P. Morgan Chase's Offshore SPV (because JPMC was at their asset cap) to acquire Regions Bank (McDonald's Regional Lender) for their outstanding TARP debt (\$3.5B); which Jaime wanted the same mortgage backstop Treasury Secretary Timothy Geithner gave him for Bear Stearns and when Treasury Secretary Geithner told Jaime to "run from it like it's on fire", the deal was dead because Regions' mortgage book was as toxic as Bear Stearns and why Regions had to sell Morgan Keegan to Raymond James and it took JPMC thirteen (13) years to complete their 50 state footprint that Regions' southeast footprint would have accelerated.

Without a bonafide, genuine approach to SRI (Socially Responsible Investing) from you (John and Mellody) and Ariel Alternatives to do something besides exploit the Black moment for your Fund Partners and Fund Management; we shall stay focused on impacting these Racial Inequalities in the Black community with like-minded and socially responsible partners, continue the DON'T BE McFOOLED Campaign against McDonald's – McDonald's National (J.P. Morgan Chase) & Regional Lenders, work with the Franchisee Advocacy Consulting on the FTC Investigation of the Franchise Industry, push the 12 Public Pension Fund McDonald's Stock Divestment Campaign and keep pushing the House Financial Services Committee and Senate Banking Housing Urban Affairs Committee to call the hearing on Systemic Racism in Corporate America.

Sincerely,


Kahari S. Nash
Co-Founder

Cc HRH Princess Noura bint Saad bin M. bin Abdulaziz Al Saud
Massimiliano "Max" Pincione
Wallace "Gator" Bradley
Nikki Stokes-Thompson
Khoa Ho

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