

**Case 26: Quota Cola!**

Soft drink giant was never allowed to prove itself innocent in a court of law; pays racial extortion of over \$475 million!

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## Things Go Better With Quotas?

Corporate Racial Extortion Continues at Unprecedented Rate

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This unprecedented case of racial extortion has resulted in Coca Cola paying \$500 million dollars or more to silence racial activists and to keep Coke sales among minorities up. Coke was never allowed to prove itself innocent of racial discrimination charges in a court of law.

### (A) Quota Cola Background:

Four disgruntled black employees of Coca Cola filed a racial discrimination lawsuit based on unsubstantiated charges that Coke (a) underpaid them because they are black; and (b) created a hostile work environment.

The allegations of these 4 black employees were never proven in a court of law. Nonetheless, their clever lawyers managed to extort over **\$475,200,000** from Coke *without ever setting foot in a court of law!* Incidentally, the plaintiff's lawyers walked away with over \$20,000,000 in legal fees.

In November 2000 Coca Cola became the second U.S. Corporation to cave in to racial extortion demands by disgruntled minority employees who only had to allege racial discrimination. For their efforts, they extorted at least \$475,200,000 from Coke.

The **Quota Cola Case**, as it has come to be called, was modeled after the infamous [Texaco](#) settlement in 1996. Texaco agreed to pay over 1/2 billion dollars without ever having been proven guilty of racial discrimination in a court of law. So it is with the Quota Cola case.

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### (B) "Official" Cost of the Quota Cola Settlement:

The official settlement to which Coca Cola agreed covers all salaried blacks employed by the company in the U.S. from April 22, 1995 to June 14, 2000.

**Cash Settlement:** Approximately \$192.5 million, not including ancillary programs such as contractor and supplier minority quotas and "gifts" to so-called "charitable" organizations which endorse or promote racial agendas.

- \$58.7 million Compensatory Damages Fund
  - \$23.7 million Back Pay Fund
  - \$10 million Promotional Achievement Award Fund
  - \$20.6 million in attorney fees
  - \$43.5 million pay equity adjustments over the next 10 years
  - \$36 million to implement "major programmatic reforms" over the life of the agreement
  - TOTAL "Official" Settlement: \$192.5 million
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### **(C) "Hidden" (unofficial) Costs of the Quota Cola Settlement:**

In addition to the \$192.5 million listed in the "official" settlement, Coke has publicly stated that it will spend **\$1 billion** over the next five years to promote business opportunities for preferred minorities and women. Some of these "off-the-books" costs of the settlement include:

- \$5 million for a Partnership with the United Negro College Fund (UNCF). Coke plans to hire 150 minority interns with UNCF over the next four years. Each of the 150 minority hires will receive housing and cash for living expenses, and possibly a \$10,000 scholarship.
- \$1.2 million for a similar effort with the United Negro College Fund at the Atlanta bottling facility.
- \$1.5 million for a "Diversity Leadership Academy" in Atlanta. To be operated by the American Institute for Managing Diversity and the Andrew Young School of Policy Studies at Georgia State University.
- \$60 million for Minority and Female Businesses. Coke currently spends \$100 million on non-white-male owned businesses, contractors and suppliers. They plan to add \$60 million to this effort for a total of \$160 million.
- \$ ? for a "Supplier Mentoring Program". Coke will provide (at its own expense) training and facilitation for non-white-male owned businesses, contractors and suppliers.
- \$50 million for Coke's "Minority Partners Ventures" over the next five years. Coke plans to add 50 minority communities it a program it calls its "economic partnerships and marketing investments".
- \$115 million of Coke pension funds to be managed exclusively by Minority-Owned Financial Businesses.
- \$50 million for Miscellaneous Race-Related Activities over 5 years. These funds are targeted for minority-oriented non-profit organizations, scholarships for minority kids, and minority advocacy programs.

**(D) Actual Total Costs of the Quota Cola Settlement:**

\$192,500,000	"Official" settlement (punitive and compensatory, even though the case was never tried in a court of law).
\$5,000,000	United Negro College Fund (national effort)
\$1,200,000	United Negro College Fund (Atlanta Coke bottler)
\$1,500,000	Diversity Leadership Academy (Atlanta)
\$60,000,000	Minority Suppliers and Contractors
\$ unknown	Minority Suppliers and Contractors Mentoring Program
\$50,000,000	Minority "Partners Ventures" in selected minority communities
\$115,000,000	Coke pension funds to be managed by financial firms which are not owned by white males
\$50,000,000	Miscellaneous minority activism and minority non-profits
<b>\$475,200,000</b>	<b>Grand Total "Real" Coke Settlement</b>

If Texaco's historic off-the-books expenditures on their racial settlement are any indication, it is fully expected that Coke's "investment" (i.e., "protection money") paid for non-white-male employees, businesses, contractors, scholarships, and so on will top 1/2 billion dollars if a full accounting is ever provided.

**(E) Race-Based, Non-White Policies Coke Must Implement:**

Publicly, Coca Cola maintains that the changes in their business practices demanded by the racial quota lobby are "forward-looking and are designed to ensure that Coca-Cola will treat all employees fairly." But the fine print makes it quite clear Coke is spending over \$475 million specifically NOT for the benefit of white males.

These so-called reforms include the establishment of a Task Force and Joint Experts Committee to force all Coca Cola employees (directors, officers, managers, and staff) to make "racial diversity" a paramount consideration in hiring, promotion, and contracting decisions.

Key features of Coca Cola's settlement include the following:

**(1) Become a Fortune 500 Quota Company:** Coke agreed to strive to hire and promote as many non-white employees as possible in order to become a "model" for diversity hiring and promotion among other Fortune 500 companies. Notably, the settlement contains no similar commitment to advancement of qualified non-minority employees, especially white males.

**(2) Responsibilities of the Board of Directors:** Under the agreement, the Board must demonstrate that it has selected board members from preferred racial classes to the exclusion of whites.

**(3) An independent Task Force:** Coke agreed to abdicate its responsibility to the shareholders by allowing an outside "diversity" body, termed "A Seven Member Task Force", the purpose of which is to ensure that the right numbers of persons of color are hired, promoted, and contracted with according to the terms of the settlement. This outside body will have unprecedented power to force Coca Cola to hire persons of the right color at all levels of the company, without regard to years of service or other demonstrable qualifications (besides, of course, the color of their skin). [See "[E.2 - Task Force](#)", below.]

**(4) Review by Joint Experts:** Coca Cola has "voluntarily" agreed to plaintiff demands that the company use mutually agreed-upon "experts" to review the company's personnel policies and to prepare a minority-oriented "Joint Expert and Recommendation" to the racial task force (see 3, above).

**(5) An independent Ombudsperson:** Coca Cola is required to hire an allegedly "independent" ombudsperson (kind of an unofficial mediator), with approval of the minority special interests. This supposedly "independent" person will address internal reports of discrimination and retaliation and "independently" monitor the handling of complaints by Coca Cola's personnel department.

**(6) Monitoring:** The Task Force has the power to force Coca Cola to report the promotion and hiring of blacks and other non-whites within the company. These reports will go to the Board of Directors, among others.

**(7) EEO Performance:** The "Compensation Committee" will determine whether the company has hired or promoted sufficient blacks and other non-whites. Managerial bonuses will be based upon individual managers' ability to hire, promote or subcontract with the largest possible number of non-whites. This "racial performance appraisal" will be distributed annually to all employees, managers, and directors.

**(8) Limitations on managerial discretion:** The Task Force will have the power to penalize managers if they do not hire or promote sufficient numbers of non-whites. Furthermore, the Task Force will force the company to allow any disgruntled minority to challenge (appeal) promotion or hiring decisions by management if such decisions seem to result in too many white employees being promoted.

**(9) Meaningful mentoring:** Coke's race-based Task Force will ensure that employees who are non-white will have access to meaningful mentoring and professional opportunities. No similar support for white employees is mentioned in the settlement agreement.

**(10) Proper EEO compliance:** Coke's race-based Task Force will ensure that Quota-Cola properly develops its Affirmative Action Plans under Executive Order 11246. [This is an inside joke by the racial quota lobby: In reality, EO 11246 was signed by Lyndon Johnson on Sept. 24, 1965 and was completely race-neutral! Johnson's original Order required only that employers not discriminate in any way on the basis of race, sex or national origin. The quota lobby has repeatedly amended EO 11246 so that now it defines affirmative action almost entirely in terms of racial quotas, targets and goals.]

**(11) Diversity training:** The race-based Task Force will force Quota-Cola to put its employees through political re-

education training wherein employees learn that hiring the right number of the "correct" skin colors is a good thing. Managers will be forced through this re-education regimen once a year; lower level employees will be forced through his re-education regimen twice a year.

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## **(E-2) The Task Force:** (updated 6/15/03)

Given its purpose, it is no surprise that the seven member task force would be strongly biased in favor of racial quotas.

What is startling, however, is the extreme nature of two of the key members of the task force: Chairwoman Alexis M. Herman, and task force member Bill Lann Lee.

**Alexis M. Herman, Chairwoman:** In 2001 Alexis M. Herman, Bill Clinton's former Secretary of Labor and the first black female ever to head the Department of Labor, was appointed to chair the Quota Cola task force. Her accomplishments and credentials include:

- Ms. Herman became infamous during Clinton's administration for *requiring* U.S. government contractors to racially profile their workforces and send the corporate racial profiles to DOL for "analysis". [See "[DOL Racial Profiles](#)" - link opens new window.]
- While at DOL Ms. Herman was instrumental in extorting racial concessions from Boeing by analyzing the average pay scales of minorities vs. whites -- and pointedly NOT taking into account years of service, seniority, or employee performance evaluations. This resulted in Boeing paying over \$1.3 billion for a multitude of race-based programs and supplier diversity (non-white purchasing) programs if they wanted to continue receiving federal contracts. [See "[Boeing Racial Extortion](#)" - link opens new window.]
- Prior to her appointment to head DOL, Ms. Herman was a Clinton White House democratic operative and fundraiser who was investigated for accepting \$250,000 in suspicious "campaign contributions" from an African businessman in return for political influence.

**Bill Lann Lee, Task Force Member:** In July 2001, Quota Cola announced that Bill Lann Lee would become a member of the seven person task force. Bill Lann Lee's credentials and accomplishments include:

- Bill Lann Lee was the Western Regional Counsel for the NAACP's Legal Defense Fund. His job was to extort money and minority employment concessions from dozens of U.S. corporations. So effective was Lee at this job that more often than not the corporate victims didn't even bother defending themselves in a court of law: they just caved in to the racial demands.
- In 1997, Bill Clinton nominated Mr. Lee to head the Dept. of Justice Office of Civil Rights. The U.S. Senate refused to confirm his nomination. Subsequently, Clinton waited until Congress was in recess and illegally appointed Lee to the post as a "recess appointment".
- During his 1997 Senate confirmation hearings, Lee was asked which, if any, of the approximately 160 federal racial quota and preference programs he would seek to discontinue. His answer: none of them! (In reality, none of the 160 federal race-

based preference programs pass the Supreme Court's "strict scrutiny test" which was clearly established in both the Croson and Adarand decisions.)

[For more info see: "[Bill Lann Lee](#)". Link opens new window.]

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### **(F) Summary and Analysis:**

The number of Fortune 500 companies that have caved in to similarly lucrative racial extortion threats reads like a who's who of U.S. Businesses, ranging from Texaco, to Lockheed Martin, to Boeing, to Amtrak.

The resulting huge increase in "racial discrimination cases" is most decidedly NOT about "fair and equal treatment under the law without regard to race, gender, or ethnicity"!

The Civil Rights Act of 1991 (an abomination of the original Act of 1964) permits employees to merely *accuse* their employers of racism in order to receive lucrative payoffs in the form of punitive and compensatory damages. While the damages are limited to \$300,000 per person for bigger firms, employment lawyers say the new "bounty system" provides huge cash incentives to any disgruntled minority who wishes to shout "racism".

The so-called 1991 "*Civil Rights Act*" radically distorts the original 1964 Act in order to strongly discourage corporations from proving themselves innocent of racial discrimination charges in a court of law. Under the terms of the 1991 Act, it is far less expensive for corporations to simply pay the racial extortion demanded by disgruntled employees-of-color rather than prove themselves innocent. The 1991 Act gives new weapons of intimidation to virtual armies of tax-supported government lawyers who will relentlessly attack any corporation which has the temerity to try to prove itself innocent of racial discrimination charges.

It should be noted in passing that no such "landmark minority discrimination" lawsuits have ever been filed against corporations who aren't wealthy enough to pay big settlement bucks! Only very large, profitable firms are targeted for this form of racial extortion. Kinda makes you think, doesn't it!? It is quite obvious that the new racial extortion racket is about dollars and is NOT about equality, fairness or justice.

Furthermore, the high-stakes racial-extortion settlements which the 1991 Act strongly encourages alienates non-minorities and forces companies to surrender control to outside "diversity" task forces.

Under the 1991 Act, lawyers for the disgruntled racial extortionists can earn *huge* profits without ever setting foot in a court of law. For example, the lawyers in the Coca Cola settlement received *at least* \$20 million for brokering the racial extortion payoff without every having had to argue their case in a court room.

One legal expert has observed that this bounty system actually discourages corporations from hiring minorities in the first place.

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**(G) News Sources and Links:**

**Coca-Cola names civil rights lawyer as general counsel (01/24/01)**

Link: <http://news.excite.com/news/r/010124/15/food-cocacola-patrick>

**Jackson launches investment forum with AOL Time Warner (01/24/01)**

Link: [http://www.foxnews.com/national/0124/d\\_ap\\_0124\\_413.sml](http://www.foxnews.com/national/0124/d_ap_0124_413.sml)

**Bias suits' impact debated (01/15/01)**

Link: <http://www.azcentral.com/business/0115bias15.html>

**Summary of Coca-Cola discrimination case settlement (11/17/00)**

Link: [http://www.accessatlanta.com/partners/ajc/bizatlanta/cocacola/1117\\_excerpts.html](http://www.accessatlanta.com/partners/ajc/bizatlanta/cocacola/1117_excerpts.html)

**Coca-Cola to Expand Diversity Efforts (11/28/00)**

Link: <http://www.careerjournal.com/recruiters/jungle/20001128-jungle.html>

**Coca-Cola set to launch minority intern program (12/20/00)**

Link: <http://www.accessatlanta.com/partners/ajc/bizatlanta/cocacola/1220.html>

**Coke's Mr. Daft offers grant for diversity academy (11/30/00)**

Link: <http://www.accessatlanta.com/partners/ajc/newsatlanta/coke/1130.html>

**The champions of workplace diversity (Coke) (11/27/00)**

Link: <http://www.csmonitor.com/durable/2000/11/27/p12s4.htm>

**Firms 'alert' after Coke suit; Settlement may be yardstick (11/27/00)**

Link: <http://www.azcentral.com/business/1127coke27.html>

**No Instant Results Expected From Coke Bias Case (11/18/00)**

Link: <http://www.nytimes.com/2000/11/18/business/18COKE.html>

**Coca-Cola Settles Racial Bias Case (11/17/00)**

Link: <http://www.nytimes.com/2000/11/17/business/17COKE.html>

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\* We use the term *reverse discrimination* reluctantly and only because it is so widely understood. In our opinion there really is only one kind of discrimination.