

## FACT SHEET

# Oil Industry Ignoring Communities of Color

DISCRIMINATION, MULTI-MILLION DOLLAR INSIDER DEALS KEEP U.S. GASOLINE DISTRIBUTION CONTROLLED BY CLOSED CIRCLE OF PRIVATE COMPANIES

As the oil industry rapidly sells urban holdings, African Americans and other people of color, part are effectively shut out of any possible business ownership opportunities. A tight knit “good ole’ boys network” will control the nation’s oil distribution for the next 50 years. Current oil industry divestment practices offer no hope for minority entrepreneurs and little or no economic investment into communities of color, particularly African American communities.

Amidst nationwide allegations of price-gauging and record profits, the oil industry remains an exclusive and elitist club:

**BP, the third largest publicly-traded oil company in the world is the defendant in a lawsuit alleging discriminatory practices that violated the constitutional rights of Dag Petroleum and its owner, Joe Mamo.**

- Dag Petroleum Suppliers, LLC (Dag) is an experienced, well-capitalized African American-owned gasoline distribution company that owns and operates 21 gas stations throughout the Washington, DC area and operates as a gasoline distributor for Shell oil company within the market.
- Dag alleges BP conspired to discriminate against Mamo and Dag when it changed the rules during bidding for a bundle of lucrative supplier contracts in the Washington, DC and Baltimore areas.
- The lawsuit alleges this discrimination is part and parcel of a culture and history of discriminatory practices. The complaint includes quotes from Lord John Browne, Chairman and CEO of BP, who in a 1999 speech stated that he had personally heard prejudicial statements at BP, including:

“*They are not qualified*”

“*We need a common culture*”

“*Our people won’t tolerate quotas*”

“*We don’t want to be politically correct*”

“*The investors would think we’d gotten religion if we started talking about diversity*”

- After bidding millions of dollars more than a white-owned company, **BP told Joe Mamo “no amount of money will get you a contract with us.”**
- Dag offered a team of experienced operators, including a company President who had managed retail oil marketing for at least one large oil company in the U.S. for decades. Dag offered financing by top investment banks and undeniable credibility as a 20-year veteran of gasoline distribution.

**Gasoline giants are awarding lucrative distribution contracts across the country to “inside players” with virtually no participation by African American distributors.**

- The large oil companies are continuing to divest distribution contracts across the country to buy wholesale gasoline and market the product to branded gas stations.
- While many gas stations are owned by minorities, the very lucrative **supplier contracts to buy and distribute millions of gallons of gasoline to markets across the country, including those with large minority populations, are virtually without African American distributors participation.**
- Ultimately, ALL markets will be divested, with virtually NO African American distributors even in the most diverse urban communities.

**The large oil companies must stop its process of divesting the distribution contracts for these markets and adopt an inclusive, transparent process that allows African American and other minority distributors to participate in earnest.**

### **British Petroleum**

- Of **BP's** 13,000 stations across the country, 11,000 are controlled by these distributors through divestment and other means, and today are served by these contractors, with NO African American distributors. Over the past several years, BP has divested markets from Kansas City to Philadelphia, from Alabama to Florida.
- Other urban markets are to be divested by BP, including Chicago, Illinois, and Cleveland, Ohio.
- Once this is done, 100% of these properties will have been divested.

### **Shell**

- **Shell** announced its plan to divest 90% of its markets.
- 10,500 of its 13,000 stations have been divested, with only a few markets remaining: Los Angeles, Southern California, and Florida.

**Runaway energy prices are disproportionately harming minority communities as low-income African Americans are among the most vulnerable populations in society to sudden increases in the price of energy** (Source: "African Americans and Climate Change: An Unequal Burden," Matthew Elliot *et al.*, *The Congressional Black Caucus Foundation, Inc.* July 21, 2004.)

- "Everything else being equal, African American households spend more on fuel and utilities in comparison to other populations according to research presented by the Congressional Black Caucus Foundation.
- African Americans spend a higher fraction of expenditures on carbon-intensive purchases, and are more likely to live in energy inefficient homes. Consequently, African Americans are more likely to be affected by changes in the price of energy or carbon.

On average, the budget share for energy spending for African Americans is compelling:

- African Americans spend **30 percent** more than Asian Americans
- African Americans spend **23 percent** more than Hispanics
- African Americans spend **19 percent** more than Caucasians