

DETROIT I-POOL PROSPECTUS

“Individually, we are poor ... collectively we are richer than all the nations in the world, with the exception of nine ... That’s power right there if we know how to pool it.”

– Hon Rev Dr Martin Luther King, Jr



The Detroit i-Pool (investment-Pool) is a proposal to establish a \$500 million dollar investment fund, 100% owned and controlled collectively by all Detroit residents, that will transform Detroit’s undervalued real estate into profitable properties financed through a banking and financial services sector that the i-Pool owns. The Detroit i-Pool will own banks, businesses, real estate, construction companies, telecommunications, tech startups, and more. Every resident will receive a share of the profits from each of the multi-million dollar investments of the i-Pool.

IMAGINE

What if Economically, Historically, and Otherwise Disenfranchised Population Segments Pooled their Resources to Function as One, Owning their Own Economy; their Own Banks and Financial Institutions, their Own Businesses?

They Could Uplift Each Individual Financially, direct their socio-economic future, and Command their own Destiny. There would be No Limit to Their Economic Influence and Financial Power.

The i-Pool (investment Pool) is a half-billion-dollar proposal for Detroit Residents to establish their own investment pool offering them access to multi-million-dollar investment opportunities to generate sustainable equity and intergenerational wealth for Residents and Economic Empowerment for the City.

We hope the i-Pool will offer a level of economic empowerment that Detroiters have never experienced enabling them to shape their Destiny with the dignity that comes with economic self-sufficiency.





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WE HAVE A DREAM

The day before his assassination, Hon Rev Dr Martin Luther King, Jr, in his famous Mountaintop speech, laid out the vision for collective capitalism and for the i-Pool.

“Individually, we are poor ... collectively we are richer than all the nations in the world, with the exception of nine ... We have an annual income of more than thirty billion dollars a year, which is more than all of the exports of the United States, and more than the national budget of Canada. Did you know that? That's power right there if we know how to pool it.”

– Hon Rev Dr Martin Luther King, Jr
(I've Been to the Mountaintop Speech - Memphis, TN April 3, 1968)

OVERVIEW

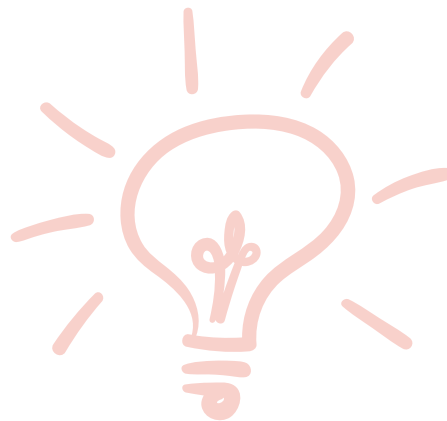


What should Detroit do with the more than \$600 million it has overtaxed residents?

- We should not spend that money but invest it like states such as Alaska and Indiana into an investment fund that pays residents a share of profits every year.
- The Detroit i-Pool (investment-Pool) is a proposal to create a \$600 million investment pool that will be 100% owned and operated by Detroit residents.

AN IDEA AND AN OPPORTUNITY

- By creating a \$600 million investment-Pool that will be 100% owned and operated by Detroiters, we can realize the Vision that Dr King and many others laid out.
- The Detroit i-Pool (investment-Pool) will own banks, businesses, real estate, construction companies, telecommunications, tech startups, and more.
- The i-Pool will transform Detroit's undervalued real estate into profitable properties financed through a banking and financial services sector that the i-Pool owns.
- Every resident will receive a share of the profits from each of the multi-million dollar investments of the i-Pool.
- The i-Pool has the added benefit of providing Detroiters with:
 - sustainable equity that generates intergenerational wealth
 - control over FIRE (Finance, Insurance, and Real Estate) industries reversing gentrification
 - negative poll tax to Get Out the Vote and increase voter turnout



LEARNING FROM THE MISTAKES OF OTHERS

- ▶ The i-Pool is modeled from the [Alaska Permanent Fund \(APF\)](#), which invests 25% of oil money from the Trans-Alaska Oil Pipeline every year into an investment fund that pays over \$1,000 every year in dividends to each resident and saves money for future generations ([cite](#)).
- ▶ Prior to the APF, Alaska received \$900 million from the 1969 North Slope oil and gas lease sale to oil companies to explore for oil ([cite](#)). That \$900 million was given to the State legislature to spend and was spent on infrastructure and social programs with no demonstrable gain to the State ([cite](#)).
- ▶ The APF was designed because Alaskans did not want to make that same mistake again. It was feared, if future revenues from oil were given to politicians, they would spend them on wasteful government operations and capital projects ([cite](#)).
- ▶ Governments are not designed to find the most productive utilization of capital but to ensure egalitarianism in the process of determining the laws that govern Society.
- ▶ The Alaska Permanent Fund and its autonomy were established to ensure that another billion dollars was not squandered by the legislative process.
- ▶ Autonomy of the i-Pool is required to ensure that capital finds its maximum employment and return on investment.



1.

THE ISSUE

The following section summarizes the [City Legal Memo](#) from Lawrence Garcia, Corp Counsel, to David Massaron, OCFO, dated 07 February 2020.



Why the City of Detroit Has \$600 Million in Overtaxed Funds and Cannot Return the Amount to Residents?

- ▶ The City of Detroit overtaxed a subset of residents a cumulative amount estimated at \$600 million.
- ▶ To clarify, the term overtaxed specifically refers to “situations in which the taxable value used to calculate property tax paid was higher than the maximum value allowed by law.”
- ▶ According to the legal memo for the following reasons, it would not be lawful for the City to create a fund to give direct monetary reimbursements to residents who were overtaxed by the City of Detroit.

UNCONTESTED CLAIMS

- ▶ Essentially, according to the memo the \$600 million in overtaxed funds was not contested pursuant to Michigan State law by the residents who were overtaxed.
- ▶ Hence, those residents cannot challenge the over assessment in court and have no legal claim against the City for those funds.



UNCONTESTED CLAIMS

- According to the memo, the overtaxed funds are technically part of City revenue as those residents who were overtaxed have no legal claim to them, as mentioned, because they did not contest the over assessments pursuant to State law.
- Hence, at this point, if the City were to pay those specific residents from the current funds, it would be considered, under State law, as a credit to private individuals.
- The Constitution of the State of Michigan 1963, Article VII, Sec 26 proscribes a City other municipality from lending its credit for private purposes.





2.

A POTENTIAL SERENDIPITOUS SOLUTION

The City can create a public investment fund, to which we refer as the Detroit i-Pool, that is controlled and owned by all Detroit residents.

Each resident will be an equal shareholder in the fund with an equal share in voting rights and in profit sharing.



How Does this Resolve the Problem?

- According to the aforementioned memo, “for a city to properly ‘loan its credit,’ the act must be (1) authorized by law, and (2) for a public purpose.”

The i-Pool makes each resident in Detroit an equal shareholder without prejudice.

- Hence, the i-Pool will be established for a public purpose like similar funds in [Alaska](#), [Indiana](#), and [Alexandria, VA](#).

Furthermore, the i-Pool shareholders would have full authority, though not required by

- law, to share profits proportionately to the amount each shareholder was overtaxed for a fixed period of time until the overtaxed residents are reimbursed with interest.

Why is this Serendipitous?

- If the City furnished reimbursements to the individual residents, the \$600 million could be consumed in less than a year, similar to the State of Alaska made prior to the APF.

If invested, on the other hand, the \$600 million could be transformed into an annuity, generating the same payout or more over multiple years or even in perpetuity, not just

- for a segment of, but for all Detroiters, the same way the APF provides for Alaskan residents.

Why is this Serendipitous?

The Detroit i-Pool is modeled after similar programs by the States and municipal

- government programs including the [Alaska Permanent Fund](#), [TrustINdiana](#), the [Alexandria \(VA\) Recurring Income for Success and Equity \(ARISE\)](#).

The Detroit i-Pool, however, has a slightly more aggressive economic outlook because

- of its more ambitious goal of transforming the Detroit economy and uplifting its residents out of poverty.



3.

WHAT IS THE I-POOL?

- ▶ The Detroit i-Pool (investment-Pool) is a proposal to establish a \$600 million dollar investment fund, 100% owned and controlled collectively by all Detroit residents
- ▶ The Detroit i-Pool (investment-Pool) will own banks, businesses, real estate, construction companies, telecommunications, tech startups, and more.



- Factors such as underinvestment, crime, etc have placed strong downward pressure on housing and land values. Hence, real estate value in Detroit has the potential to increase exponentially in a relatively short period of time.

- Giving Detroiters control over the very FIRE (Finance, Insurance, and Real Estate) industries that historically excluded and exploited them, the i-Pool will transform Detroit's undervalued vacant land into profitable high-valued real estate properties, placing Detroiters in position to capitalize upon, not be crushed by and gentrified through, economic development.

- Every resident will be a shareholder in the i-Pool with voting rights and a share of the dividends, from each of the multi-million dollar i-Pool investments, creating sustainable equity and wealth for residents and for future generations.

A Shift in Perspective and in Priorities (What is the i-Pool)

- The more important aim of the investment pool is to fundamentally shift the mentality of Detroiters, in part, away from present consumption toward long term savings.

- This shift in priorities is, perhaps, more central than any other single factor in moving low income households in Detroit out of poverty.

- The i-Pool seeks to engender a culture of investment in Detroit. We want Detroiters to be intimately involved with the investment opportunities that they can create through their participation in the i-Pool.

- i-Pool webinars, workshops, and support systems will be designed to give Detroiters access to and literacy in financial tools and technology.

- Above all the i-Pool will create the technology – apps, incentive-centered design mechanisms, IoT technology – that will place fintech in the hands of Detroiters.



4.

GOVERNMENT FUNDS - PRECEDENTS

- ▶ The Detroit i-Pool is modeled after similar programs by the States of Alaska and Indiana and the municipal government of Alexandria, VA.
- ▶ The Detroit i-Pool has a slightly more aggressive economic outlook because its circumstances and goals are significantly different from those of the aforementioned economies.



- Nearly half of Detroit residents live in poverty, and the goal of the Detroit i-Pool is not
- › simply to outperform inflation but to transform the Detroit economy and uplift its residents out of poverty.

THE ALASKA PERMANENT FUND (APF)

- › The Alaska Permanent Fund every year invests 25% of oil money from the Trans-Alaska Oil Pipeline into an investment fund for Alaska residents.
- › The Fund pays over \$1,000 every year in profit sharing to each resident and saves money for future generations.
- › Research shows the Fund increased employment by 17%, consistent with a general stimulating effect on the economy ([cite](#)).
- › The purpose of the i-Pool is to provide the same opportunity for Detroiters.



DETROIT'S NATURAL RESOURCE WEALTH - LAND

- ▶ Detroiters do not have the oil reserves that finance the APF, but we do have another natural resource that can be transformed into sustainable, intergenerational wealth, land.

According to a recent Forbes article, Detroit has the lowest housing value of any major city in the US due to a series of hardships, racist practices such as redlining, the decline of the US automobile industry, and the Great Recession with the predatory lending practices that precipitated it.

- ▶

Home real estate development projects such as Grayhaven on the south Eastside have demolished low valued homes in the \$30,000 - \$50,000 range to make way for homes with more than ten times the original value in the \$300,000 - \$800,000 range.

- ▶

Similarly, with the high pace business, sports, and commercial development in Downtown Detroit, property values are rising exponentially.

- ▶

Effectively, Detroiters have the potential to derive the same level of wealth from its undervalued land prices that Alaska derives from oil.

- ▶

ARISE - ALEXANDRIA'S RECURRING INCOME FOR SUCCESS AND EQUITY

Alexandria City Council voted on July 6, 2021 to support a Guaranteed Income Pilot (GIP) by allocating \$3 million in American Rescue Plan Act (ARPA) funding to provide guaranteed income to select residents in order to address the longstanding national and institutional problem of the racial income gap.

▶ The GIP provides direct, recurring cash payments of \$500 a month, with no restrictions on use, to 150 Alexandria households for two years. The payment is unconditional, with no requirements and no restrictions on how it is to be spent.

▶ Research shows that when given unrestricted payments, participants can create economic stability for their families. A research team will evaluate the outcomes to inform decisions on future efforts and policies.

TRUSTINDIANA

TrustINdiana allows local units of government (e.g. counties, municipalities, school corporations, townships, and other units of local government) as well as the State of Indiana to invest in a common pool of investment assets that preserves the principal of the public's funds, remains highly liquid, and maximizes return on investment.



5.

**PROVISIONAL
I-POOL
BUSINESS
MODEL**

- ▶ The i-Pool operates like a traditional stock company. Each resident would be an equal shareholder in the i-Pool receiving an equal share in voting rights and in profit sharing.



- The working model envisions an i-Pool with a Board of Governors that manages the operations of the four i-Pool Funds.
 - Venture Capital and Investment Opportunity Fund
 - Commercial Banking and Micro Lending Fund
 - Small Business Equity and Crowdfunding Equity Funding ([Jumpstart Our Business Startups Act](#))
 - Emerging Opportunities Fund (emerging technologies, fintech, emerging economies)

- Each of four governors acts as the director or manager of one of the four funds.

- Additionally, there would be one governor that would be the managing director of the overall i-Pool and chairperson of the Board of Governors.

- Finally, there would be an additional four governors that represent the interest of community stakeholders.

- Essentially, the officers and board of directors would be the same body to ensure more flexibility and agility in decision making while maintaining the overall direction and purpose of the i-Pool.

- Note, the funds are not expected to function entirely exclusive of one another.
- Collaboration is expected and transferring resources across funds as opportunities emerge and decline is expected, which the Board of Governors serves to facilitate.

- The Board of Governors would be chosen by the shareholders like any stock-based corporation.

Methodology of Provisional Business Model

Each of the fund areas reflects one or more specific purposes or targets of the i-Pool.

Present Outlook - Commercial Bank and Real Estate

- Factors such as underinvestment, crime, etc have placed strong downward pressure on
- housing and land values. Hence, real estate value in Detroit has the potential to increase exponentially in a relatively short period of time.
 - Development Downtown and in specific pockets of the City reflect this possibility.
 - Hence, medium- and large-scale real estate development and construction projects offer a lucrative opportunity for i-Pool investments.

- The financial and banking sector is pivotal not only to providing the liquidity for these opportunities but also for generating investment and consumption multiplier effects in addition to offering fair access to liquidity and microloans for residents to profit from opportunities.
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Future Outlook - Venture Capital and Emerging Opportunities

While venture capital is associated with higher risks, it witnesses higher payoffs as well.

- Hence, at least some proportion of funds will be apportioned to exploring such possibilities.

If the i-Pool is to have a future, it must have a future outlook, which presently includes

- fintech and emerging technologies. The venture capital fund will work closely with the emerging opportunities group to exploit such possibilities.

A Culture of Investment - Crowdfunding Equity

- The Equity Investment Fund will provide residents an opportunity to develop investment skills and enhance their involvement in the i-Pool.

- Various models from crowdfunding to decentralized autonomous organizations (DAOs) will give residents direct control over a proportion of investment opportunities.

- It also opens access for Detroit businesses and startups to equity funding opportunities to further access aims.





6.

**ESTABLISHING
THE I-POOL -
A RECIPE FOR
SUCCESS**



Working Model of i-Pool Morphology

- The above is a provisional proposal of the structure and function of the administration of the i-Pool and is not fixed.

- Under the proposal, the City Council will form an Advisory Panel that will explore the provisional proposal and other options in more detail and select the final structure for the administration of the i-Pool.

- The Advisory Panel will comprise three categories of members, professionals with the necessary technical expertise to establish the i-Pool (Technocrats), Community Stakeholders, and Trustees of the i-Pool.

- Technocrats shall generally but not necessarily comprise academic professors, economists, political scientists, social scientists, corporate representatives, quantitative analysis experts, business management and administration professionals, finance professionals, professionals with expertise in investment banking and financial institutions, legal experts, and computer science and engineering professionals with specific expertise in a variety of technologies, including distributive ledger and blockchain technology, internet of things (IoT), smart contracts, development, architecture, metaverse, mobile app development, and hardware.

- Community Stakeholders include residents, owners of small businesses in Detroit, and Detroit community leaders. Community Stakeholders also include representatives of nonprofit organizations, charitable organizations, and faith-based organizations operating in Detroit.

- The Board of Directors of Socivisus as drafters of this proposal will serve as Trustees of the i-Pool to ensure that it is established in good faith on behalf of the residents of Detroit, preserving the overarching vision of the i-Pool.

Ensuring Balanced Decision-Making

To ensure balanced decision making, specifically that the individual and collective contribution of community stakeholders is not marginalized and that the vision of the i-Pool is maintained to the highest degree possible, every decision on the Advisory Panel must include a proportionate vote from Community Stakeholders and must include a separate proportionate vote of the Trustees.

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Specifically, a simple majority decision of the Advisory Panel must include a simple majority of Community Stakeholders and a separate simple majority of Trustees, a two-thirds majority of the Advisory Panel must include a two-thirds majority of Community Stakeholders and a separate two-thirds majority of Trustees, and so on.

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7.

**SOCIETAL
IMPLICANTS**



Great Expectations of a Single Courageous City (Societal Imp)



"It is one of the happy incidents of the federal system that a single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments..."

New State Ice Co. v. Liebmann, 285 U.S. 262, 76 L. Ed. 747, 52 S. Ct. 371 (1932)

– Mr Justice Louis Dembitz Brandeis

- ▶ If we have the courage to endeavor and strive tirelessly to make the Detroit i-Pool a success, i-Pools will follow in Chicago, Atlanta, Los Angeles, Accra, Addis Ababa, Mumbai, São Paulo, and across the world.
- ▶ The Detroit i-Pool is not just for Detroiters but the responsibility of Detroiters and will be Detroit's second contribution to Humanity.

Vote for You, Detroit! - Getting Out the Vote

- Detroit routinely has lower voter turnout of roughly 13 percentage points below the state and national average.
- Less than 20% of residents voted in the 2021 mayoral election.
- Detroiters are disenfranchised themselves from the most venerable liberty that many Americans have died to purvey and protect.
- The provisional plan will automatically enroll and give a \$500 share in the i-Pool for every resident that votes in the August primary election and a separate \$500 share for voting in the November general election.
- This creates a negative poll tax paying Detroit voters upto \$1,000 for participating in the elections.



A 21st Century Black Wall St in Detroit – Lighting a FIRE in Detroit



“The Black Wall St – Tulsa’s Greenwood District’s] local economy had such good financial circulation that the average dollar would stay within the community’s network of households and firms for approximately 19 months before being spent elsewhere.”

- Brookings Institute – The true costs of the Tulsa race massacre

- By establishing and owning a strong FIRE economy (Finance, Insurance, Real Estate),
- Detroiters can generate large investment and consumption multipliers expanding its economic base and investment portfolio exponentially.
- Moreover, as America transitions from a manufacturing- to a service-based economy, it
- is crucial for Detroiters, whose manufacturing industry has imploded over the past half century, to establish a strong FIRE industry, like cities such as Chicago, that provides the financial infrastructure, capital, and liquidity to power its economy.
 - Detroit residents will not only own the properties and businesses that will generate profit for the i-Pool but also the financial institutions that finance them.

Eliminating Gentrification Displacement and Unfair Banking Practices in Detroit

- Higher land value, higher interest rates on loans, higher property taxes, and the highest inflation rate in a generation are forcing residents that have lived in and businesses that have operated in Detroit for half a century out of the city.
- The i-Pool places residents in a position to capitalize upon, not be crushed by, the blessings of economic development by giving Detroiters control over those industries that have systematically excluded them, the FIRE (Finance, Insurance, and Real Estate) industries.
- The i-Pool will establish commercial investment banks that underwrite mortgages and issuance policies and issue business and personal loans, providing all Detroiters fair access to liquidity.
- The i-Pool will close the wealth gap by giving low income households access to ownership over the very institutions that create the wealth gap.

Vote for You, Detroit! - Getting Out the Vote

- While Detroit, California, the Federal Governments, and other governments in the nation are exploring the possibilities of offering reparations to disadvantaged population segments, little attention is dedicated to establishing a model for reparations.
- Over a long horizon, are direct cash transfers an optimal policy for disadvantaged population segments, with extraordinarily high consumption rates? Will the funds be spent up in a short time with no material gain to the individuals?
- The i-Pool represents a model for reparations in the mold of Rev Martin Luther King, Jr's Vision whereby underserved population segments harness, augment, and utilize their collective financial strength to their benefit and to their economic self-sufficiency.



8.

**ECONOMIC
THEORY**



Why Banking is the Key (see Appendix)



"We've got to strengthen black institutions. I call upon you to take your money out of the banks downtown and deposit your money in [Black-owned] Tri-State Bank. We want a 'bank-in' [like sit-in] movement... You have six or seven black insurance companies here in the city of Memphis. Take out your insurance there. We want to have an 'insurance-in.'"

- Brookings Institute – The true costs of the Tulsa race massacre

- ▶ When a bank gives a loan to a business, that money is not spent. The business deposits their loan money right back into the bank, so the bank can loan it again.
- ▶ When a business pays employees for labor and suppliers for products, the employees and suppliers deposit their payments back into the bank, which can again be loaned.
- ▶ When businesses make a profit, they deposit their profits into the bank, again generating more loans.
- ▶ A bank can generate an investment multiplier or create credit with a single loan, multiplying its investment portfolio exponentially.
- ▶ Owning banks and the larger financial ecosystem places this power in the hands of Detroiters.

A Change in Economic Thought – The New Testament of Wealth

- ▶ Economic thought from Adam Smith's *Wealth of Nations* to Andrew Carnegie's *Gospel of Wealth* posits self-interest and greed are the forces that drive capitalism, and concomitantly, socio-technological progress.
- ▶ Wealth inequality, according to theory, is a necessary by-product of development and lesser evil than universal squalor.
- ▶ The Detroit i-Pool is a model that demonstrates that the underprivileged can collectively harness their resources to exploit business and market-based mechanisms rather than social assistance to pull themselves out of poverty.
- ▶ The sustainable, intergenerational equity that the i-Pool will provide represents a steady stream of income for Detroit residents reducing income volatility and consumption dependency – i.e. dependence on social assistance to meet basic consumption needs.
- ▶ The Detroit i-Pool will demonstrate that economic empowerment, not social assistance and consumption dependency, is the route to the dignity associated with economic self-sufficiency.



Moving Out of the Welfare State

- After 90 years of the American welfare state, poverty reigns supreme in America's major cities while its \$21 trillion economy remains unmatched on the planet.
- Asian economies such as Singapore, Hong Kong, the Republic of Korea, and the People Republic of China, that were highly impoverished with less per capita income (inflation- and PPP-adjusted) than Detroiters, and Japan, devastated by two nuclear attacks, all pulled themselves out of poverty in less than a generation.
- China alone has pulled 500 million, or half a billion, out of poverty in 30 years.
- At the same time, African countries, having relied heavily on foreign aid and NGO support, never strengthened their business sectors or financial systems and remain significantly impoverished.
- High savings rates and a strong FIRE (Finance, Insurance, and Real Estate) economy were key elements that powered the economic growth of Asian economies.
- These key elements, the cornerstone of the Detroit i-Pool, represent a roadmap of Detroit's exit strategy from poverty.

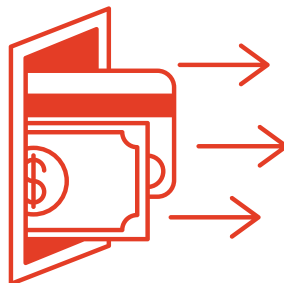


(APPENDIX)

A Textbook Example of Consumption and Investment Multiplying

The Investment Multiplier: Credit Creation

- ▶ Suppose a bank issues a loan of \$10,000 to a video game developer for her business. She will not spend it all in one year but spends, i.e.. \$1,000, for computer equipment and deposits the remaining \$9,000 back into the bank.
- ▶ Now the bank can loan that \$9,000 as it will not be used for an entire year, providing a loan to a restaurant owner, who spends \$1,000 to upgrade his establishment and deposits the remaining \$8,000 into the bank, and so on.
- ▶ The initial loan of \$10,000 can be recycled and loaned out to generate $\$10,000 + \$9,000 + \$8,000 + \dots = \$60,000$ worth of economic investment or six (6) times the initial value.
- ▶ Additionally, each \$1,000 that each business owner spend generates a further \$6,000 in spending in the economy, representing an additional $10 \times \$6,000 = \$60,000$.
- ▶ Hence the initial loan of \$10,000 generates a total of \$120,000 worth of economic activity.



The Consumption Multiplier

- Suppose a consumer purchases \$1,000 worth of computer equipment.
- The computer store owner, after receiving the \$1,000 worth of income, saves \$100 and spends the rest on her own consumption purchasing \$900 worth of clothing.
- Similarly, the clothing store owner takes the \$900 that he receives and purchases \$800 worth of furniture and saves \$100 and so on.
- Hence, the initial \$1,000 consumption expenditure generates $\$1,000 + \$900 + \$800 + \dots = \$6,000$ worth of economic activity.
- Another $\$100 \times 10 = \$1,000$ of savings is added to the banking sect



REFERENCES

