

State, feds approve Hopsing

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ated with two principal owners—Christopher D. Scarratt (of Japanese descent) with 51 percent and Suzanne C. Hatch, wife of R.A. Hatch, with 49 percent. Scarratt was president; Mrs. Hatch was vice president; and Richard Hatch was secretary-treasurer (Richard was also vice-president of R.A. Hatch Construction). Scarratt said he had no money, so R.A. Hatch loaned money for the work and equipment as needed. Scarratt continued to work for R.A. Hatch and Hopsing was run out of the Hatch office.

In 1981, Suzanne Hatch sold her shares to Richard N. Hatch, brother and employee of R.A. Hatch. (Suzanne is now co-owner of H. & H. Electric, a certified Women's Business Enterprise.) Hatch explained, "...and my brother Rich and Chris decided they wanted to do business together so I offered to sell my wife Suzie's 49 percent to my brother Rich..."

During this period R.A. Hatch Construction provided bonding, made financial loans, loaned employees to Hopsing, did its payroll, rented it equipment. They used the same accountants and attorneys. R.A. Hatch took the risk for Hopsing. "At the time (1981) I was concerned—when Rich bought Suzie's stock, you know, that was one of the other reasons that Hopsing was either going to make it or I wasn't going to be responsible because I'm sitting here guaranteeing everything they're doing. Chris hasn't got any money and if this thing tips over, guess who gets to pay the bills."

Questions regarding Hopsing's minority status arose early. In 1979 the office of the U.S. Department of Transportation Inspector General responded to a complaint about Hopsing, and the San Francisco office investigated. However, the files revealing the findings and recommendations are missing.

In January of 1981, the State of Washington denied Hopsing's request for minority certification, stating that "Hopsing Construction, Inc. is an extension of R.A. Hatch Co."

Hopsing applied for certification as a minority business enterprise with ODOT and was granted certifi-

cation on March 6th and September 22, 1980.

Hopsing again became the topic of complaints when R.A. Hatch Construction won multiple ODOT contracts for widening the Banfield Project and was the prime contractor on the Banfield Light Rail Project. Hopsing was awarded nearly \$8 million in subcontracting work on the Banfield Project.

Tri-Met decertifies

In August of 1983, Tri-Met denied Hopsing's request for minority re-certification. Tri-Met determined that Hopsing did not meet federal MBE eligibility requirements. "An eligible MBE shall be an independent business. The ownership and control by minorities shall be real, substantial and continuing and shall go beyond the *pro forma* ownership of the firm as reflected in its ownership documents... the firm shall not be subject to any formal or informal restrictions which limit the customary discretion of the minority owners... the contributions of capital or expertise by the minority to acquire their interests in the firm shall be real and substantial."

The City of Portland followed, rescinding Hopsing's MBE certification on October 24, 1983, determining that Scarratt leaves administrative decisions to R.N. Hatch and does not have the power to direct management decisions and day-to-day decisions regarding the direction of the company.

The Federal Highway Administration responded by conducting its own investigation. The review team, Willie Harris, Regional Director of Civil Rights, and Tony Burrows, FHWA Division office supervisor, Financial Specialist, conducted the review. They determined that there were procedural irregularities in the ODOT's 1980 certification and it appears to be invalid although Hopsing has been operating under that certification. Certain housekeeping changes had been made in the by-laws and board of the corporation in response to Tri-Met's findings. However, R.A. Hatch had co-signed all bonding for Hopsing from 1976 to August 1983 at no charge (he charged two percent after August 1983). From Septem-

ber 1981-1983, 70 percent of all needed equipment was leased from R.A. Hatch Co. A line of credit of \$450,000 at Oregon Bank was co-signed by R.A. Hatch Co. These facts led the review team to determine that the company does not qualify under federal regulations.

During fiscal 1983, Hopsing Construction had 20 active jobs as a subcontractor totalling \$9.3 million; over \$8 million was credited to ODOT's minority business requirement.

Although R.A. Hatch Company's direct control over the company had lessened, he had assigned an "oversight committee" to oversee the financial operation of Hopsing, including co-signing checks. This committee is made up of three accountants who work for R.A. Hatch Company. One of these men, Gary Everton, is also the accountant for Hopsing.

ODOT, by now under pressure to revoke its own certification, appointed a "Blue Ribbon" committee to review the company—David Aamodt, Assistant Attorney General; Tom Higashi, Deputy Corporation Commissioner; Vern Hahn, ODOT.

ODOT determined that Hopsing met minority requirements and re-certified the company.

"What we have here is a MBE that started on a shoestring that has now dared to succeed. What we have is a mentor who has shown its faith, put \$8,000,000 of its credits and future on the line and dared to help the MBE succeed," the state committee reported.

Feds reverse stand

The FHWA, rejecting the advice of its Civil Rights office, concurred, but advised that Hopsing's dependence on R.A. Hatch Co. should decrease during the year.

ODOT's good news was followed by another rejection by the State of Washington's Department of Transportation. "It appears that Hopsing construction is not an independent minority-owned business. There appears to be disproportionate control manifested in Richard Hatch, vice president, for management and overall decision-making for the firm."

Shriners elect officers

Joseph H. Henderson was recently elected Illustrious Potentate of Mina Temple No. 68 of Portland, Oregon — A.E.A.O.N.M. Shrine of North and South America, Prince Hall Affiliated.

Other elected officers were: William H. Haygood, Chief Rabbani; Charles W. Sanders, Asst. Rabbani; James H. Wallace, High Priest and Prophet; Joe. H. Pruitt, Oriental Guide; L.C. Ellison, Treasurer; John T. Blow, Jr., Recorder.

Virgie L. Tinsley was elected Illustrious Commandress of Mina Court No. 142, Daughters of Isis, Auxiliary to Mina Temple.

Other elected officers were: Gloria P. Brown, First Lt. Commandress; Margaret J. Isaacs, Second Lt. Commandress; Layola I. Brown, High Priestess; Bernice Noble, Oriental Guide; Vethel M. Hall, Ill. Recordress; Ann B. Holland, Treasurer; Pearl M. Joiner, First Ceremonial Daughter; Orene Rosemon, Second Ceremonial Daughter; Daisy Calvin, Inside Spy; Frances Odom, Outside Spy; Mable B. Neal, Directress of Isiserettes.

The program of Mina Temple and Mina Court for 1984 includes church visitations, involvement in community and charitable projects, youth activities, annual Childrens Christmas Party, the annual distribution of food baskets to the needy by Mina Temple and the sponsorship of the Isiserettes by Mina Court.



Joseph H. Henderson and Virgie L. Tinsley were elected to leading positions by Mina Temple 68 of the Prince Hall Shrine.

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Starting A Business Seminar

On February 7th and 14th, Professional Training Systems, funded through the Oregon Department of Transportation/Highway Division, will hold free seminars for ethnic minorities and women who are just starting or thinking of starting a business. The emphasis will be on owning and operating a construction or construction-related firm.

The February 7th session will cover the legal and financial aspects of starting a business. The advantages and disadvantages of sole proprietorships, partnerships, and corporations will be weighed. Selecting a name, accounting systems, bonding, licensing, minority business enterprise programs, and the nature of construction will be highlighted.

The February 14th session will cover the role of the construction firm from the time a job is advertised until it is awarded. Identifying which job(s) to bid, developing strong prime contractor-subcontractor relationships, guidelines for estimating and bidding, the "ins" and "outs" of bonding, and the minimum wage requirements of the Davis-Bacon Act are covered.

Classes will begin promptly at 7:00 p.m. and will run until 9:30 p.m. classes will be held at 321 N.E. 20th Avenue in Portland. Seating is limited so call us at (503) 238-1404 to reserve your space.

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