

Memorandum: re, A Contract to provide Bail Bonds for Civil Rights Workers

The Situation:

In many cases, but not in all, the NAACP or another civil rights organization provides bail bonds or money for persons arrested in civil rights demonstrations. At the present, the prevailing practice of the NAACP is to put up a cash bond. Many thousands of dollars have thus been turned over to the segregationist governments of the Southern states for their use in this way. At the same time, large amounts of NAACP capital have been tied up. Below I submit alternative ways of dealing with the problem of bail bonds:

The Alternatives:

The Cash Bond- The main advantage of the cash bond is that it costs nothing to give it; no one collects a fee. On the other hand, if the bond money is kept for a period of time exceeding about one year and a half, the loss of dividends or interest on the principal sum more than compensate for the original fee. Furthermore, in Mississippi, the judge at his discretion may refuse to accept a cash bond. (See Sec. 2486 Miss. Ann. Code of 1942)

The Property Bond- Poor citizens arranging privately for bail sometimes give a property bond. The bond provides an assignment of rights in favor of the state against real property of any person in the county. While friends providing such security do not generally require a fee, it usually proves necessary to hire a lawyer to arrange such a bond. Furthermore, the land must be an unencumbered tract larger than 40 acres and of value greater than \$5000. In many counties it would not be possible to provide property bonds for a large number of people.

The Bail Bond-

The most common way to provide bail is to give a bond from a surety company. A judge has no discretion to refuse to grant bail in the form of a bond from a company authorized to do business; nor does the sheriff have discretion to refuse such a bond. (See Miss. Ann. Code Sec. 2486) Furthermore, the bail bond is the most simple and convenient way to arrange bail. A telephone giving the names and vital information for the persons arrested would be the only formality. The form of bond could be filled out, signed and delivered by the agent of the bonding company. The usual fee by a bonding company is 10 per cent of the amount of bail; perhaps the rate would be lower for a very large contract.

Who would the Agent be? -

a) At present, the white operated company in Jackson which could handle such a plan, refuses to deal with the civil rights organizations involved. Shaner Bonding Co.

b) Any large insurance company can very easily become authorized to do business in Mississippi, but for an out of state company to perform such a contract, it would have to establish an agency in Jackson.

c) The Jackson Central Insurance Co. does not at the time deal with an insurance company which writes bail bonds. Under its charter from the state, however, it is authorized to handle such business. Therefore, if they could enter a relationship with a large company which handles this kind of business, the Central Insurance Co. could handle all further bail bonds under contract with the NAACP, SNCC, and/or CORE. Obstacles- To date, the very large insurance companies have not been anxious to sign on this one year old agency. I thought that such a company might now be

willing to initiate such a relation in order to benefit from the large bail bond contract which would be involved. I told that company that the officers of the NAACP would very possibly be able to exert influence on such a company in its New York office. For example, one possible company is Aetna ~~Life~~ Insurance Co. with whom NAACP might be able to deal directly in New York.

The gains from such a contract could be enormous. In the first place, the Civil Rights organizations would avoid tying up the very large amounts of capital which are involved. In the second place, the use of such capital at 6 or 7 per cent interest per year would set off the 10 per cent fee in less than two years. The contract would provide a swift and automatic method of arranging and effecting bail. Fourth, NAACP would avoid putting large sums of money in the hands of the segregationists for their use. And finally, the contract would be a very great boost to the Negro business community, and to this insurance company in particular. Not only would such a large contract provide business security and stability, but also the relation with one of the large insurance companies which would write bail bonds, would enable this company to write kinds of policies which it does not at present handle, and to expand its services to the Negro community.