

Bond Case Briefs

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ECONOMIC DEVELOPMENT LOANS - NORTH CAROLINA

Woods v. City of Greensboro

United States Court of Appeals, Fourth Circuit - May 5, 2017 - F.3d - 2017 WL 1754898

Minority-owned business, which operated television network, brought action against city, asserting claim for race discrimination under § 1981 arising out of city's denial of economic development loan.

The United States District Court granted city's motion to dismiss for failure to state claim. Business appealed.

The Court of Appeals, Davis held that:

- Business was not required to allege that it was certified as minority business enterprise under state law in order to establish imputed racial identity, and
- Business stated race discrimination claim against city.

Business was not required to allege that it was certified as minority business enterprise under state law in order to establish imputed racial identity, as required for business to have standing to assert racial discrimination claim under § 1981 against city, which denied business's application for economic development loan; business alleged that it was entirely owned and led by protected minority group and represented itself as minority business enterprise.

Minority-owned business, which sought economic development loan from city, stated race discrimination claim against city under § 1981. Business alleged that study found that less than 0.2% of economic development loans were distributed to minority businesses despite fact that city was over 40% African-American, that it had sufficient equity to secure the loan, that city was more willing to afford accommodating treatment to non-minority companies, that city had backed out of commitments to other minority companies, and that although it was initially approved for loan under one set of terms and subsequently denied loan under second set of terms, it would have been approved under both sets of terms if it had been a non-minority company.