



Floyd Trujillo

[REDACTED]
[REDACTED]

12/19/19

Secretary Vanessa Countryman
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

File Number S7-22-19

Dear Secretary Countryman:

I would like to commend the Securities and Exchange Commission for its recent new rules addressing proxy advisory firms and regarding the future of the proxy advisory process. I have been very concerned about this industry's influence on corporate governance in America, and especially on the energy sector.

Let me explain my views by telling you my story briefly. After serving in the United States Marine Corps, I secured a temporary job with Reserve Oil and Gas as a mail clerk while I went to night school for business management. Little did I know I would spend my entire career in this industry. I am grateful to an industry that has allowed me to utilize my entrepreneurial spirit and in turn provide a good life for my family.

The political climate has never favored our industry, in large part because we are too busy generating energy for America. I used my run at the U.S. Senate seat in Colorado as an effort to educate the population on the importance of this industry. This industry is open to all that want to pursue a better life for their family. I will continue to promote this industry in our outreach efforts.

For that reason, these firms' so-called environmental, social, and governance (ESG) policies are deeply troubling. These advisors wield their power from behind closed doors and cast aspersions upon industries that, in my opinion, they know very little about. Trust me when I say no industry today is doing more to try to protect the environment than the energy sector. We are exploring every avenue to make energy more efficient and as least impactful as possible. But I will not apologize for powering America, and these firms have no right to pass judgment on my friends and colleagues.

Beyond the moral condescension, I fear that divestment efforts will be used to harm the energy sector, limit access to capital and drive up prices. Proxy advice is completely upending normal corporate operations with practices that are, ironically, anything but good governance. For example, because of low resubmission thresholds, their worst shareholder proposals are reconsidered year after year after year even though they barely garner support from more than ten percent of shareholders. They often

automatically discharge their fiduciary duties to proxy advisory firms who issue specialty reports with a biased political agenda. And they do not disclose their conflicts of interest, which is unconscionable. They are altering entire industries and creating unacceptable financial risks.

Personally, I want assurance that my own pension and retirement plans of employees are safe and secure and yield solid returns. I have worked all of my life, providing good service to my clients and the country's economy, and I believe I deserve the best returns my pension can earn, not some virtue-signaling losses. The fact is, ESG investing has been known to return 43 percent less than the stock market. It is unacceptable to commandeer someone else's assets and put them in lower-yield investments to satisfy one's ideology. Frankly, I'd call it robbery.

I have many relatives who have much more modest pensions that could be harmed by restrictions. My family has many hard-working people who did not earn high salaries (like proxy advisors do) but have invested in their retirements.

Likewise, there are teachers, police, and firefighters in public pensions funds that deserve better for the service they have given and the sacrifices made. Yet 70 percent of pension funds have unfunded liabilities, and dispensing with proxy advising could help close the gap quickly. In my state, one in ten Coloradans depend on PERA as a replacement for Social Security, yet PERA has only 58.1 percent of the money it owes in future retirement checks. We are dealing with a shortfall of tens of billions of dollars.

As you can see, proxy advising has many disastrous consequences. If I could, I would ban the process altogether. But I certainly applaud the Commission and look forward to seeing the impact of your work. Once again, thank you considering my views and for looking out for average families who depend on their pensions for their future.

Respectfully,

A handwritten signature in black ink, appearing to read 'Floyd Trujillo', with a large, sweeping flourish extending to the left and right.

Floyd Trujillo