

Bradley S. Freedberg

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January 24, 2020

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

Re: SEC - Docket Number - S7-22-19

Dear Secretary Countryman:

I have always respected the work our federal regulators do as it is critical to the proper functioning of a free-market system that everyone plays by the same rules. I am pleased to learn that the Commission is reviewing the work of proxy advisory firms, and I wish to voice my support for your efforts on this important issue. I believe that while this relatively new field has its merits, it needs increased regulation and oversight to prevent abuses.

In particular, I am concerned with the political and social investing approach pushed by proxy advisors. On the surface, this strategy is an excellent development. As an active Democrat who has supported prominent Colorado politicians and political causes, I recognize that investing should be done responsibly and with the purpose of producing growth.

However, the problem is the meaning of “responsibly.” When one is handling other people’s money, who may or may not agree with the advisor’s interpretation, it can become quite troubling. Any investment manager’s first—and really, only—priority should be their fiduciary duty to earn the highest possible returns for the people they represent. ESG investing has been shown to deliver significantly less in terms of returns, so I question whether that is truly acting “responsibly.”

It’s even more troubling because there is little visibility into proxy advisors’ work. How do they make their decisions? Who influences them? Issues like automatic voting and specialty reports, are really concerning and have just been allowed to continue due to a lack of proper oversight and transparency. Some speculate that proxy advisors have conflicts of interest they aren’t disclosing to their clients. The lack of competition in the proxy marketplace, which is essentially a duopoly, compounds all of these issues.

I have spent my career as a plaintiff’s attorney, so I know how it is to represent a client. I don’t let my personal political views interfere with my advice to my clients; I want to

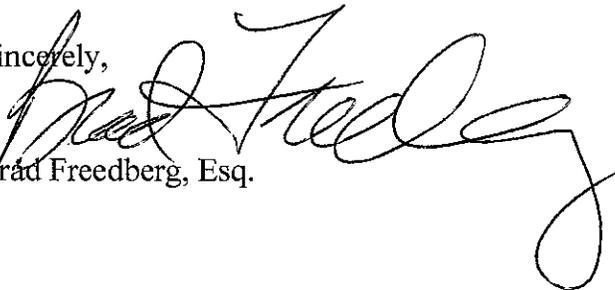
assure them that settlements and judgments are legally sound and that my clients get a fair result. With proxy advisors, I just worry that they are pulling the wool over the eyes of pensioners and other vulnerable investors. Many do not claim to be sophisticated when it comes to investing, so they must rely on investment professionals to manage their financial future. The trust that they should be assured of with their fund management is being directly challenged by proxy advisory firms and corrective action must be made to develop that trust again.

Here in Colorado, we are concerned for our public employees because the state retirement system is tens of billions of dollars underwater, which is at least in part due to ESG investing. My wife is a teacher, and she worries about what her pension will look like by the time she reaches retirement age.

Due to this, I must advocate for much greater oversight of the proxy advisory industry. Moving forward, this industry could exist, but must have far greater oversight than is currently the case.

Thank you for entering my letter into the record.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Freedberg". The signature is fluid and cursive, with a large loop at the end.

Brad Freedberg, Esq.