December 20, 2019

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OFFICE OF THE SECRETARY

Vanessa Countryman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: File Number S7-22-19

Dear Sec. Countryman,

I would like to thank the Securities and Exchange Commission (SEC) for its proposed rule changes regarding proxy advisory firms. For too long, these firms of which two control the vast majority of the marketplace—have been allowed to use their influence over pension and investment funds with zero accountability or financial responsibility to the pensioners and investors whose money they direct. It is time for that to change.

In my role as managing partner of a law firm in Youngstown, Ohio, I have overseen our firm's employer-employee-funded 401K retirement program for more than 20 years. I am also a part of the Mahoning County Board of Elections and have been a member of the Ohio Public Employees Retirement System (OPERS) for 10 years. In both of these positions, I am stunned by how careless and self-serving proxy advisors are with the financial and investment recommendations they provide investment and pension fund managers.

The only basis for the advice these companies provide should be what will maximize investment returns for investors and pensioners—plain and simple. Instead, proxy advisors continue to base their recommendations on their own politically-driven objectives. The problem is, investing based on these environmental, social, and governance (ESG) factors is proven to hurt investor returns.

In fact, ESG-based investing produces nearly 44% less than standard S&P index funds. That has a very real impact on retirement accounts, like the ones I manage for my colleagues and employees. Data shows that—unless there is reform to focus on maximizing returns—retirement nest eggs will be 10% lower. By pushing their own political agenda, proxy advisory firms jeopardize the financial future of tens of millions Americans who have worked hard to build and contribute to their retirement savings.

I am also gravely concerned that, if something is not done soon, the increased politicization of the corporate governance recommendations coming from proxy advisors will soon spread to OPERS and impact the investment decisions that pension fund managers are making. The last thing I want is for OPERS to become another activist investment fund like CalPERS or the New York City Employees Retirement System (NYCERS), both of which which have no problem investing members' money in political causes. Given both funds are suffering from severely underfunded liability, they should serve more as cautionary tale than example to follow.

If, as individuals, anyone wants to use their investments to support any political cause they see fit, then by all means they should. However, using other people's hard-earned money to do so is inappropriate and should not be practiced in investing or financial advising. Nor do many of the unseemly business practices proxy advisors leverage to pursue their personal political agendas—including the use of robo-voting, dubious shareholder proposals, and so-called specialty reports, all which have been rightly identified as issues that should be addressed by the SEC.

Thank you for helping to hold these proxy advisors more accountable and responsible for the recommendations they provide. Please move forward with proposed SEC rule changes that would do so.

Sincerely,

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