

TO: Interested Parties
FROM: Kyle Herrig, Congressional Integrity Project
DATE: May 10, 2023
RE: MAGA Oversight Hearing on Responsible Investing

If you need evidence that MAGA activists have taken over the House Committee on Oversight and Accountability, look no further than today's scheduled hearing on responsible investing, also known as Environmental, Social, and Governance (ESG) practices. In advance of the hearing, the Congressional Integrity Project is detailing how the majority is using this hearing to do the bidding of big oil, their hypocrisy on this issue, and the unpopularity of trying to control Americans' investment decisions.

CONFLICTED MAGA Republicans On The Committee Are In The Pocket of Big Oil. MAGA Republicans are taking this cause on to protect and reward the oil and gas industry. Throughout their careers, House Oversight members have [taken over \\$4 million from the oil and gas industry](#). Additionally, six House Oversight Republicans are clearly conflicted as they hold between \$3.3 million and \$22 million in oil and gas investments.

- **The Oil & Gas Industry Has Blamed Responsible Investing For Reductions In Funding For Their Investments.** One anonymous executive [told the Dallas Federal Reserve](#), "Despite us being one of the top-performing energy funds in America, investors are cutting our funding by 80 percent... Constrained capital will lead to significantly higher commodity prices. And it isn't the administration's fault-this is a Wall Street and environmental, social and governance-led charge."
- **The Industry Has Even Sued The Biden Administration To Block Retirement Plan Managers From Being Able To Consider Environmental Factors In Their Investment Decisions.** Industry trade group Western Energy Alliance sued the US Department of Labor earlier this year [over a rule](#) that would "remove barriers to considering environmental" and other factors for retirement plan fiduciaries. The industry trade group [argued](#) the rule would "threaten financial returns" for workers and retirees and said it would "[threaten] America's energy supply."

REAL WORLD COSTS--MAGA Policies to Ban Responsible Investing Have Already Cost Taxpayers. New [research](#) has found that Republican efforts to target responsible investing strategies in states like Texas is costing taxpayers millions of dollars, in the form of higher payments on municipal bonds. In just six months under Texas' ban on socially responsible investing, taxpayers were on the hook for an additional \$300-530 million dollars.

- **In States Like Texas and Kansas, Policies Blocking State And Local Entities From Working With Certain Banks Are Poised To Cost Taxpayers Millions Because Of Higher Interest Rates Due To Less Competition.** One study estimates anti-ESG measures could have cost taxpayers [\\$708 million](#) in higher interests payments on municipal bonds if they'd passed in certain states. In Texas, cities will pay a minimum of [\\$303 million](#) in additional interest on bonds while similar laws in [Kansas](#) would reduce state pension returns by \$3.6B over a decade.

HYPOCRITICAL MAGA Republicans Rail Against Responsible Investing, Yet Hold Millions in Investments Tied to Environmentally Responsible Investing

Republicans on the House Oversight Committee rail against socially responsible investing, yet unsurprisingly, House Oversight Republicans show blatant hypocrisy by [privately holding between \\$800,000 and \\$1.8 million in assets in ESG-linked investment firms](#).

Voters Don't Want Congress Investigating Socially Responsible Investing. The American people do not want Congress spending its time proposing bans or investigating responsible investing. A [recent poll](#) states only 8 percent of Americans think investigating how companies spend money on “ESG issues” should be a priority for Congress.

What's clear from the data is that the Republican attempt to ban businesses for engaging in responsible investment practices is a failing effort. 65 percent of all Americans and even 58 percent of Republicans believe companies should lead and take stances on social and political issues regardless of whether those stances align with the views of elected officials.

DARK MONEY GRIFTER PULLING THE STRINGS? The MAGA Campaign to Control America's Investment Decisions Is the Brainchild of Leonard Leo. Through his organization, Consumers' Research, [a dark money non-profit](#) that had led the charge against “woke” corporations, Leonard Leo has engaged in an aggressive campaign targeting corporations for making climate-friendly investments. Consumers' Research received [nearly \\$6 million](#) from Leo's group [DonorsTrust](#) and already, the group has spent more than [\\$4 million](#) on an ad campaign targeting BlackRock for speaking out about the clean energy transition.

- **Leonard Leo Is Getting Rich From His Attacks on Responsible Investing.** Consumers' Research is [a client](#) of Leo's for-profit consulting firm CRC Advisors, which also [represents](#) the fossil fuel giant Chevron. The circular payment structure between Leo's nonprofit and for profit groups have been [detailed in](#) POLITICO. In total, he has brought in at least \$43 million to his consulting firm using this scheme.
- **Leonard Leo's Secret Social Club Is Using Attorneys General to Undermine Responsible Investing.** Recent [reporting from ProPublica](#) exposes Leonard Leo's new social club, Teneo Network, and its strategy for confronting “woke capitalism” by “working with (or serving as) state attorneys general, state financial officers, state legislators, journalists, media executives and best-in-class public affairs professionals’ to launch investigations, hold hearings, pull state investment funds and publish op-eds and news stories in response to so-called environmental, social and governance, or ESG, policies at the corporate level.”

LEARN MORE

- [House Oversight Republicans' Oil & Gas Investments And Campaign Cash](#)
- [House Oversight Republicans' “ESG” Investments And Connections To Firms That Offer ESG-Focused Funds](#)