

# Dark Money Group Weaponizes State Treasurers in Attacks...

[documented.net/investigations/dark-money-group-weaponizes-state-treasurers-in-attacks-on-climate-policy](https://documented.net/investigations/dark-money-group-weaponizes-state-treasurers-in-attacks-on-climate-policy)

## Behind the backlash to climate measures, a right wing group weaponizes state officials.

An [investigation by Documented and the New York Times](#) has revealed a coordinated effort by state officials to oppose climate policy. Key to this campaign is the State Financial Officers' Foundation (SFOF), a 501c(3) non-profit political advocacy organization made up of state treasurers, financial officials, and Republican political operatives. Over the last year, the group has emerged as a crucial node of opposition to climate action in the financial industry, specifically attempts to require companies to disclose information on their climate and societal impact – commonly shorthanded as environment, social, and governance (ESG) disclosure.

This campaign has seen significant success, including legislation against climate measures in multiple states and the divestment of [millions of dollars](#) of state funds from investment management companies that SFOF claims are too “woke.” SFOF is currently pushing state treasurers to oppose federal climate policies such as the Securities and Exchange Commission's [rules](#) on ESG disclosure.

SFOF's advocacy is closely tied to a web of climate science denying political groups, including ALEC, The Heritage Foundation, Consumers' Research, National Center for Public Policy Research, and Capital Research Center. These groups either sponsor SFOF, sit on SFOF's leadership board, or both – giving them significant sway over SFOF's strategic direction. These groups, as well as groups formally aligned with the fossil fuel industry, such as the American Petroleum Institute, benefit from SFOF's anti-climate action work.

Documents also reveal how SFOF's policy advocacy is steered by corporate sponsors like Federated Hermes, whose public profile on climate is diametrically opposed to SFOF's pro-fossil fuel campaigning. These sponsors, which include major investment management firms in competition with BlackRock, gain direct access to elected officials that oversee vast state funds. They also guide the policy advocacy of SFOF's members, even [editing official comments](#) to rules sent from treasurers' offices.

“During SFOF national meetings, our sponsors aren't sitting in the back room observing...they are working along side our state officials” SFOF Promotional Material

**SFOF is closely tied to and funded by a constellation of anti-climate groups.**

SFOF's leadership includes top staff from both ALEC and the Heritage Foundation. Lisa Nelson, the president of ALEC, sits on the Board of Directors. SFOF often holds meetings in conjunction with ALEC. Nelson is also a director of the National Center for Public Policy Research (NCPFR), a group allied with SFOF in attacking climate finance. NCPFR presented at SFOF'S February, 2022 policy meeting focused on opposing climate measures.

Jonathan Williams serves as SFOF's Senior Policy Advisor and as ALEC's Chief Economist and Executive Vice President of Policy. Williams joined SFOF's National Advisory Committee in June 2017 and seems to be focused on climate policy in the financial industry for ALEC. Multiple current SFOF members are ALEC alumni including Kentucky State Auditor Mike Harmon, Wyoming Treasurer Curt Meier and Missouri Treasurer Scott Fitzpatrick.

The Vice President of the Heritage Foundation, Bridgett Wagner, also sits on the SFOF board. As the Center for Media and Democracy reported, attendee lists from SFOF's national meetings show a hodgepodge of corporate sponsors, elected officials, and Republican political groups.

SFOF is also funded by the dark-money funded group Consumers' Research, which has been at the forefront of the campaign against BlackRock, climate initiatives, and shareholder activism aimed at lowering greenhouse gas pollution. SFOF's turn toward anti-climate finance campaigning coincides with Consumers' Research becoming one of SFOF's top sponsors. Consumers' Research was listed as a "Diamond" level sponsor for the first time at the November 2021 SFOF policy meeting, where Consumers' Research Executive Director Will Hild presented on "BlackRock/China discussion." It was the first SFOF meeting with specifically anti-climate discussion topics, which included "The Continuing "ESG" and "Wokeism" Attack on Economic Freedom," presented by SFOF's President, Derek Kreifels. Consumers' Research remains a "Diamond level" sponsor of SFOF in 2022.

Republican activist and one-time Trump Secretary of Labor nominee Andy Puzder sits on SFOF's board of advisors. Puzder, alongside fellow "thought-leader" Vivek Ramaswamy, have led discussions on opposing climate measures during SFOF meetings. Both Puzder and Ramaswamy have started "anti-woke" asset management firms that hope to replace BlackRock and other asset managers targeted for boycott by SFOF member treasurers.

SFOF also has ties to the fossil fuel industry they seek to defend. The American Petroleum Institute, the largest oil lobbying group in the U.S, held a call on "the SEC Climate Rule proposal" with SFOF and member treasurers in May 2022. In June 2022, an SFOF "Policy Alert" prominently featured API logos and a list of policy asks by the oil industry. API also communicates directly with SFOF member treasurers, arming them with talking points on climate policy. In one email from April 2022, API Director Gifford Briggs passed information on BlackRock to Treasurer Marlo Oaks of Utah. "I also included some info on BlackRock, it seems they are trying to reaffirm their support for industry..." Briggs wrote.

You can find a visual of SFOF's ties to these anti-climate and dark money groups [here](#).

document



## **April 2022 Email Shows API Sent Information to Utah Treasurer Marlo Oaks**

On April 6, 2022 Gulf Coast Regional Director of the American Petroleum Institute Gifford Briggs emailed Utah Treasurer Marlo Oaks information on the energy industry, key messaging as well as "some info on Blackrock."

Published: August 5, 2022

### **SFOF is central to a unified strategy against climate policies.**

SFOF's anti-climate advocacy is part of a coordinated effort by a web of right-wing groups to block climate action. SFOF plays a unique role in this larger campaign by weaponizing state treasurers' offices to advance an anti-climate agenda. Heritage Foundation Vice President Andrew Olivastro alluded to this unity in a December 2021 email to SFOF staffers and member treasurers. "We continue to develop our strategy and unify in pushing back against the various issues surrounding ESG," he wrote.

Led by a core group of political operatives, this campaign seeks to utilize treasurers' authority to attack climate policy in novel ways. As West Virginia Treasurer Riley Moore wrote in an email to fellow SFOF member Treasurer Schroeder from Louisiana, "As state treasurers we are in a unique position to exact real pressure" on the Biden Administration and asset managers that "comply with draconian efforts of the administration." In an SFOF

podcast in 2022, Moore expounded on the ways treasurers are in a singular position to defend the fossil fuel industry and in turn, why SFOF's strategy is so effective within this larger anti-climate campaign.

*Well, state treasurers are actually a very unique position... we're able to kind of speak with the taxpayer dollars is what I'd say. And you can do that in a way that's uniquely different than, say, attorney generals do, where they might sue over certain issue or something like that. This has more of an immediate effect...I think that's why it's somewhat uniquely different in some of the other what we call here constitutional officers, attorney general or secretary of state or something like that. So I think it's a great opportunity for all state treasurers to really start to weigh in on this new battlefield. [00:17:41][59.8]*

State treasurers' relevance to climate change has been boosted by the current state of federal climate policy. Until the recent introduction of the Inflation Reduction Act on July 27, 2022, federal climate legislation has either stalled or failed, and EPA regulations to address climate pollution have been hamstrung and limited by the courts. This has left financial industry regulation and corporate policy, set by the Securities and Exchange Commission (SEC) and individual asset managers respectively, as one of the most impactful climate policy actions underway in the United States.

SFOF member treasurers recognize this, as Idaho Treasurer Julie Ellsworth alluded to in a hearing on ESG, featuring SFOF president Derek Kreifels. "We realized the financial regulatory process has expressly been saying that they are going to implement these environmental green new deal type things through the treasury," she said.

SFOF supports and coordinates attacks on climate policy in a variety of ways, including:

- coordinating state treasurers to oppose federal nominees and file official regulatory comments
- producing and promoting advocacy letters
- advancing attacks on specific asset managers based on their climate policy
- providing public relations and media guidance
- promoting pro-fossil fuel legislation

## **Timeline of SFOF anti-climate advocacy.**

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SFOF's work has shifted dramatically over the last year and a half. In years past, the group was primarily concerned with traditional fiscal issues like financial literacy and unclaimed property. However, by the end of 2021, three out of four of SFOF's priority issue areas were focused on opposing climate policies and advocating for the fossil fuel industry.

A timeline of events, from 2021 to 2022, shows how SFOF's tactics have evolved overtime and how the organization has shifted towards more aggressive policy advocacy generally.

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- 2022

26 Jan 2021

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Blackrock CEO Larry Fink advocates for climate action from the financial industry in his annual letter to CEO's.

20 Apr 2021

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A dozen Republican Senators send a letter to White House climate envoy John Kerry condemning the Biden Administration's efforts to push banks to make climate-friendly investments.

22 Apr 2021

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WV Treasurer Riley Moore issues a statement condemning the Biden Administration and Climate Envoy John Kerry on April 22. SFOF treasurers' defense of fossil fuels seems to have begun in earnest shortly after this letter was sent.

25 May 2021

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Fifteen SFOF treasurers sign on to a letter to Kerry decrying the administration's "global warming executive order." Documents show that SFOF helped coordinate letter sign ons and garner support from groups like ALEC.

26 May 2021

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Large investors vote in three new climate change-focused board members during ExxonMobil's shareholder meeting. These actions, combined with new regulations on climate and ESG disclosures by the SEC, seem to have crystallized a response from climate science-denying right-wing groups.

14 Jun 2021

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SB13, Texas' fossil fuel boycott bill is signed into law. The bill, written by the Texas Public Policy Foundation, is squarely aimed at BlackRock, whose CEO angered the fossil fuel industry by advocating for action on climate change from the financial industry in his annual letter to CEOs, released in January of 2021.

29 Jul 2021



On July 29, Moore presented the "Fossil Fuel Letter" during SFOF's National Meeting.

17 Sep 2021



SFOF forms a "policy committee." Energy policy has emerged as a top policy interest, evidenced by SFOF taking a position on "energy independence" for the first time in March of 2022.

3 Nov 2021



BlackRock is the first topic of conversation at an SFOF policy meeting focused on "The continuing "ESG" and "Wokeism" Attack on Economic Freedom." SFOF President Derek Kreifels speaks specifically on "Fossil Fuels Investment Policy," and the "Anti-ESG Investing Statutes (TX)."

4 Nov 2021



West Virginia Treasurer Riley Moore is given the 2021 "Rising Star Award" by SFOF.

22 Nov 2021



Moore sends another letter signed by dozens of SFOF members to the U.S. banking industry decrying an "economic boycott of traditional energy production."

30 Nov 2021



In an email, Kreifels lists SFOF's messaging priorities as "The attack on the Fossil fuel/Reliable Energy Industry coming from the administration and banking" and "pushing back on corporate activism and ESG issues."

8 Dec 2021



SFOF provides treasurers a specific set of questions about climate related measures “for use during investment council/pension board meetings.” Questions include “Please explain the extent and nature of your involvement, if any, in the climate action 100+”

16 Dec 2021

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The Heritage Foundation’s Andrew Olivastro emails SFOF staff and treasurers about the unified campaign against climate measures. He writes “we continue to develop our strategy and unify in pushing back against the various issues surrounding ESG.”

14 Feb 2022

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In an interview with SFOF president Derek Kreifels and Jonathan Williams, Moore discusses why treasurers are a powerful force to utilize in a new wave of opposition to “woke capitalism” and how the campaign against ESG is a “new battlefield” opened in the last year.

15 Feb 2022

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In an email recapping SFOF's policy meeting in New Orleans, SFOF President Derek Kreifels makes clear that climate policy was the first order of business. “During this meeting, you heard about the darker side of ‘stakeholder capitalism’ and our state officials’ efforts to continue to lead the fight against discriminatory banking and investing policies,” Kriefels described.

12 Mar 2022

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West Virginia passes its own fossil fuel boycott bill. The bill was written and passed in close consultation with West Virginia Treasurer Riley Moore.

23 Mar 2022

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SFOF takes a position on “energy independence” for the first time.

31 Mar 2022

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By March 2022, 16 states had introduced legislation attacking ESG and climate policy within the financial sector. In addition to West Virginia and Texas, Kentucky, North Dakota, Idaho, Tennessee and Oklahoma all passed versions of a fossil fuel boycott bill while South

Carolina, Louisiana, Minnesota and Alaska currently have bills pending. All of the states except for Tennessee and Minnesota have treasurers or comptrollers affiliated with SFOF. Bills failed to pass state legislatures in Wyoming, Arizona, Indiana and Kansas while New Hampshire's legislature amended the proposed bill to establish "a committee to study the need for anti-discrimination legislation in the New Hampshire financial services industry."

2 May 2022



Scott Shepard, Director of the Free Enterprise Project at the National Center for Public Policy Research, joins an SFOF national call to discuss "advising shareholders about how to vote their proxies on board membership and shareholder resolution questions."

9 May 2022



Former SEC Commissioner Paul Atkins joins SFOF's National Call, alongside "key representatives from the American Petroleum Institute," to discuss the SEC's proposed climate disclosure rule. The Securities and Exchange Commission's proposed climate disclosure rule has become a focal point for SFOF.

26 May 2022



State treasurer and SFOF member Allison Ball requests the attorney general's office look into whether or not ESG measures and consideration of "stakeholder capitalism" by public pension funds is "inconsistent with Kentucky law." The Kentucky AG ruled they are on May 26, 2022. This move marks how SFOF treasurers are also turning to their states' attorneys general to issue rulings against ESG investing.

7 Jun 2022



During an ESG Roundtable hosted by Idaho Treasurer Ellsworth and featuring Derek Kreifels of SFOF, Vivek Ramaswamy, Utah Treasurer Oaks and Idaho Senator Crapo, Senator Crapo attacks the SEC rule, describing it as a needless overstep by the agency and an example of how "unelected bureaucrats in this administration are now implementing their preferred agenda through regulation."

13 Jun 2022



BlackRock announces it would let more institutional clients tell the company how to vote their shares, through a "Voting Choice" program.



15 Jun 2022



24 attorneys general write to the SEC opposing the commission's proposed climate change disclosure rule. 18 of the attorneys general are from states where the state's auditor or treasurer is affiliated with SFOF.

17 Jun 2022



23 state financial officers send a letter to the SEC detailing their opposition to the agency's proposed climate disclosure rule.

27 Jul 2022



Florida Governor Ron DeSantis announces plans to combat ESG within the state and "[protect] Floridians from woke capital." DeSantis describes how he will "ban" pension fund managers from considering ESG factors in their investment decisions. Additionally, DeSantis intends to introduce legislation that will "prohibit big banks, credit card companies and money transmitters from discriminating against customers for their religious, political, or social beliefs." Justin Danhof, former National Center for Public Policy Executive Vice President, speaks at the event.

## **SFOF gives sponsors private access to elected financial officials. These sponsors guide SFOF policy.**

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At SFOF meetings, treasurers are promised a "very friendly audience" with "various corporate sponsors." Sponsors, in turn, get direct private access to elected officials. Promotional materials make it clear that national meetings are built on granting sponsors a hand in guiding the group. "During SFOF national meetings, our sponsors aren't sitting in the back room observing...they are working along side our state officials" reads one SFOF brochure. National meetings boast of "intimate" dinners with corporate sponsors. Sponsors are promised one-on-one time with state treasurers to make presentations.

### **✿ A Flourish table**

Indeed, SFOF sponsors are not limited to dining and chatting with elected officials. Documents make clear that sponsors can set the group's course on policy issues, and even edit official letters sent by the treasurers. In one case, sponsors Visa and Mastercard brought up a proposed Federal Reserve regulation to SFOF, an issue seemingly not on the group's radar. Visa and Mastercard were then able to directly edit official comments on a Federal Reserve docket signed by multiple states' officials. The final submission made no mention of the corporations' role in editing the treasurers' comments.

Anti-climate sponsors of SFOF had a prominent role in discussions around climate policy within the financial industry. Will Hild of Consumers' Research was included on the agenda for SFOF's November 3, 2021, policy meeting to discuss "BlackRock/China." NCPPR's Scott Shepard joined SFOF's May 2, 2022, national call, where he shared insight on proxy voting and shareholder proposals.

## **Some sponsors have ESG commitments that conflict directly with SFOF advocacy.**

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SFOF's campaign against climate policy clashes directly with the public ESG policies of some of their largest donors. For example, Federated Hermes, a financial services firm, is a major sponsor of SFOF meetings. Federated Hermes officials dined with West Virginia Treasurer Riley Moore in what SFOF describes as an "intimate dinner party." SFOF emails make clear that Federated Hermes specifically sought Moore as a dining companion. However, Moore's attacks on climate finance policy and ESG clash with Federated Hermes' outspoken support for climate focused investing, and the company's leadership position in the Climate Action 100+. Federated Investors, a precursor to the current company, has supported SFOF since at least 2016, when Hermes' Amy Michaliszyn won an Economic Freedom Award from SFOF.

Federated Hermes has continued to sponsor SFOF and attend SFOF meetings even as SFOF has staked out more extreme positions on climate and climate finance issues. Federated Hermes was a "platinum" sponsor of SFOF's July 2021 meeting, where Riley Moore presented the "Fossil Fuel Letter" sent to John Kerry. Hermes was a "gold" sponsor of the February 2022 meeting in New Orleans, which was overwhelmingly focused on attacking ESG measures. They are currently listed as a 2022 "gold" sponsor.

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*Or see our additional investigation on SFOF.*