

Resolution to Call for Legislation Banning Pension Investment in China

- Whereas, the fiscal health of public pension funds, such as CalPERS and CalSTRS, is essential to the financial security of public sector retirees, as well as the financial sustainability of local governments and school districts;
- Whereas, China does not currently allow any **free flow of information**, or any independent media. Furthermore, Chinese authorities actively criminalize anyone who reports on negative political and economic news under the vague legal statute of “making Trouble”. Thus, it is impossible for foreign investors to gather unvarnished information about the companies they want to invest in, as well as the economic environments under which these companies operate;
- Whereas, China does NOT have an **independent judiciary**, and the courts in China often unfairly rule against foreign corporations and investors with legitimate claims against Chinese government entities or corporations;
- Whereas, Chinese based companies currently listed on United States security markets (NYSE/NASDAQ) do NOT follow internationally accepted **accounting and disclosure requirements**;
- Whereas, Chinese based companies, such as Lukin Coffee (NASDAQ:LK) and Kingold (NASDAQ:KGJI) were caught with serious and intentional frauds; These frauds have hurt and will hurt American investors directly;
- Whereas, workers in China are not allowed to form independent and autonomous **labor unions**;
- Whereas, the Chinese government is well-known for its continual attempts to bribe, influence, coerce, or otherwise corrupt decision makers in the West, and investment officers of America’s public pension funds may be susceptible to such corrupting intrigues;
- Whereas, the Chinese government may at any time initiate military action against the island of Taiwan, with immeasurable and potentially calamitous risks to any investment in China; therefore, be it

RESOLVED, that the California Republican Assembly recognizes that the investment of public employee pension/retirement funds in China, at this time, to be irresponsibly risky; be it further

RESOLVED, that the California Republican Assembly will respectfully and urgently call upon all members of Congress from California, both Republicans and Democrats, especially the Speaker of the House, the Honorable Kevin McCarthy (R-Bakersfield), to author and/or support legislation preventing risky and irresponsible investment of America’s pension funds in China:

- This legislation should prevent public pension funds, such as CalPERS, CalSTRS, and the Virginia Retirement System, from new investment in Chinese/China-based security instruments such as stocks, bonds, or mutual Funds.
- This Legislation should require all public employee pension funds, and the mutual funds they are investing in, to disclose their current exposure to securities linked to China, Russia, and Belarus.
- This Legislation will NOT prevent private U.S. investors from investing in Chinese and China-based Securities.
- This Legislation may create an ad-hoc Congressional oversight committee to evaluate the 4 conditions: **1) Free Flow of Information; 2) Independent Judicial System; 3) Adherence to Accounting and Disclosure Standards; and 4) Independent and Autonomous Labor Unions.** Should these 4 conditions be met at a future time, this ban will be lifted.