



NEWS RELEASE

Attorney General Mike Hilgers

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AG Hilgers Joins 25-State Lawsuit on New Labor Rule Allowing Asset Managers to Direct Their Clients' Retirement Money to ESG Investments

Today, Attorney General Mike Hilgers joined Utah Attorney General Sean D. Reyes and Texas Attorney General Ken Paxton in a 25-state coalition in a lawsuit over a Department of Labor rule which would affect the retirement accounts of millions of people. The rule would allow 401(k) managers to direct their clients' money to ESG (Environmental Social Governance) investments and runs contrary to the Employee Retirement Income Security Act of 1974 (ERISA).

The new rule, "Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights," will take effect on January 30, 2023. Two-thirds of the U.S. population's retirement savings accounts would be affected, totaling \$12 trillion in assets. The states argue that the Department of Labor is exceeding its authority by promulgating this rule.

From the complaint: "[T]he 2022 Investment Duties Rule makes changes that authorize fiduciaries to consider and promote "nonpecuniary benefits" when making investment decisions. ... Contrary to Congress's clear intent, these changes make it easier for fiduciaries to act with mixed motives. They also make it harder for beneficiaries to police such conduct."

The 25 states joining in this lawsuit are: Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Ohio, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia, and Wyoming.

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