

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

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This Week: Larry Fink finds his perfect forum; EEOC commissioner warns that companies cannot "memory hole" DEI. The Bitcoin Brief looks at debanking.

Larry Fink Finds His Perfect Forum



Earlier this month, the World Economic Forum tapped none other than BlackRock CEO [Larry Fink](#) to head the organization, meaning the world's premier stakeholder-capitalism club has traded one set of conflicts for another.

The World Economic Forum:

- The WEF, best known for its annual Davos gathering of politicians, CEOs, and global elites, bills itself as the guardian of "stakeholder capitalism," which holds that businesses exist to serve all of society, not just shareholders.
- To do this, the WEF [supports](#) preventing and redistributing "excess profits" via taxation, national ownership stakes in private companies, and forced (and voluntary) distribution of profits from companies to fund social initiatives like fighting climate change and global poverty.
- Its policies and playbook have long drawn scrutiny from advocates of free market capitalism—like Strive—who believe that companies exist purely to generate shareholder returns, and that blurring private and public sector responsibilities serves neither interest well.

Klaus Out, Fink In:

- WEF Founder Klaus Schwab stepped down earlier this year amid allegations that he used his perch for personal gain, including lavish vacations, questionable expense accounts, and treating the Forum's mansion as his personal abode.
- The WEF cleared Schwab of "material wrongdoing" without further explanation.
- Now, the WEF has appointed Fink, alongside Swiss billionaire environmentalist André Hoffmann, to lead the organization—despite the fact that, in our view, Fink's conflicts are orders of magnitude larger than Klaus's.

A Match Made in ESG Heaven: At first blush, Fink's appointment makes perfect sense.

- Fink has long espoused the virtues of stakeholder capitalism, including in his annual letters to corporate America's CEOs.
- He's repeatedly implored companies to focus on emissions, diversity, and other social causes, often at the expense of shareholder value.

Conflicts Run Rampant: But the real story is much more complicated.

- That's because the money BlackRock manages is not its own. It owes fiduciary duties to its clients—workers saving for retirement, parents saving for a child's education—to invest their money to maximize financial returns.
- Even before the WEF appointment, Fink's anti-capitalism stances have landed the firm in significant legal hot water, including earlier this year, when a [court](#) held that BlackRock breached its duty of loyalty by pursuing non-financial objectives with client funds.
- The firm has since launched into damage control mode, with Fink quieting down the rhetoric and the firm insisting it has always served their clients' interests alone.
- Now, the story BlackRock tried to spin is quickly unraveling. It's hard to claim that BlackRock is backing away from ESG when its CEO is endorsing it on an international stage.

An Enforcement Opportunity: BlackRock's own ethics policies claim the firm has "[zero tolerance](#)" when an employee engages in "outside activities" that could even appear to create a "conflict of interest." Yet its CEO leads an organization dedicated to the downfall of shareholder primacy, while claiming to put shareholders first. Fiduciary duties aren't optional. If BlackRock's board won't hold Fink accountable, someone else almost certainly will.

The Bottom Line: Schwab may be gone, but with Fink at the helm, the WEF's push to subvert shareholder capitalism may have found its most powerful champion yet.

EEOC Commissioner Warns Companies Cannot "Memory Hole" DEI



The Equal Employment Opportunity Commission (EEOC), under acting Chair Andrea Lucas, has warned that companies may face significant legal and financial consequences for past DEI-related violations even if they've now corrected course, the [Daily Caller](#) reports.

Fill Me In: In a recent interview, Lucas said businesses cannot simply "memory hole" the discriminatory practices they adopted during the height of corporate DEI pushes between 2020 and 2024. "There's a cost to your bad behavior. And we're going to exact that cost, one way or the other, because we are going to remedy those who were harmed," she warned.

Zooming Out: Her comments come as many companies, from Google to Tractor Supply to Ford, have pulled back or ended their DEI programs. These rollbacks, however, may not be sufficient to insulate companies from legal scrutiny.

A Busy Docket: After the new administration made clear that ending all discrimination, including DEI-based discrimination, would be an enforcement priority, the EEOC has been inundated with complaints. Earlier this month, for example, [Texas Roadhouse](#) was hit with a complaint, arguing the restaurant chain discriminates via racial hiring preferences, training programs, and other initiatives.

Why It Matters: Corporate America groans when it rewards talent, not identity boxes. By holding firms accountable for past DEI excesses, the EEOC is signaling that the safest and smartest strategy is also the one most likely to lead to financial success: comply with civil rights law by hiring on merit alone.

ESG Funds Are A Legal Time Bomb, New Study Claims



A decade of empirical research suggests ESG scores don't measure what investors think they do—and that could spell legal trouble for the funds that use them, per a new [report](#) from the Fraser Institute.

What's Going On:

- More than 88% of fund managers overseeing \$3.16 trillion in assets use ESG ratings as part of their fund strategies, according to the study.
- But ratings of the same company vary so widely that they have "very low validity."
- Unlike credit ratings—which agree 99% of the time across agencies—ESG ratings align less than half the time.
- It's therefore no surprise that ESG ratings both fail to predict the future ESG behavior of a company, as well as future earnings.

Why It Matters: Fund managers are fiduciaries, which means they owe their clients the highest duties known to law. Using deeply flawed ESG criteria to make investment decisions doesn't meet that standard.

A Corporate Drain: ESG reporting also harms companies themselves. While ESG proponents often downplay the onerous nature of ESG reporting, the report notes that companies spend up to \$480,000 each year responding to hundreds of ESG questionnaires by ratings companies and others.

The Takeaway: In Tingle's own words:

No fiduciary can use something as flawed as the ESG ratings and indices in disposing of their beneficiaries' money. We would stop a fund manager from investing according to the argueries provided by casting chicken bones; there is no reason to adopt a different approach merely because ESG ratings use a lot of spurious math.



A Bitcoin Order You Can Bank On

Earlier this month, President Trump issued an [executive order](#) guaranteeing fair access to banking services for all Americans, including Bitcoin-related firms that have long been denied services simply for operating in a disfavored industry.

This isn't Trump's first move against debanking. Federal banking agencies have already removed "reputational risk" from their assessments—the buzzword that allowed regulators to pressure banks into shunning digital asset firms, firearms manufacturers, and other politically unpopular industries.

But the August order goes further. It not only requires banks to accept Bitcoin clients going forward, it forces them to make amends for past refusals. Specifically, the order requires banks to "identify and reinstate for previous clients" that were previously "denied services through a politicized or unlawful debanking."

That's important. Under the rules invoked by the previous administration, the government could pressure banks to drop clients, but banks couldn't inform clients why they were being dropped. That secrecy might make sense when cutting off terrorist networks or foreign spy cells, but it makes far less sense when we're talking about [Coinbase](#). Even crypto-skeptic J.P. Morgan CEO Jamie Dimon complained, "we should be allowed to tell you" what's going on.

Now his wish has been granted. Regulators are making clear they plan to hold banks accountable. Comptroller of the Currency Jonathan Gould has vowed to "commence a review to assess the extent to which the institutions it supervises have or are engaged in politicized or unlawful debanking and take remedial actions if appropriate." Acting FDIC Chair Travis Hill said he'll do the same.

That's welcome news for digital asset firms, which continue to be debanked despite earlier reforms. Alex Konaykhin, CEO of Unicoïn, told [CoinTelegraph](#) that his company and its subsidiaries "have been de-banked, without explanations, by several banks" including Citibank, Chase, Wells Fargo, City National Bank of Florida and TD Bank. Konaykhin claimed that Unicoïn was debanked by four banks this year alone, highlighting how deeply these practices are embedded in compliance culture.

The irony, of course, is that Bitcoin was designed to prevent the very kind of financial censorship to which these firms have been subjected.

But that doesn't mean that Bitcoin is ready to fully replace the fiat system just yet. Miners and node operators will still need to tap electricity grids to power operations, and fiat cash to pay those bills. Bitcoin Treasury Companies still largely need to meet payroll and settle taxes in dollars. And Bitcoin exchanges' *raison d'être* is, well, the ability to exchange Bitcoin for other forms of currency, like cash. For now, participation in the Bitcoin economy still requires access to the U.S. banking system.

It's not hard to see why the banks bowed to pressure: blocking Bitcoin wasn't their choice so much as Washington's. But today, the pressure runs the other way, and it comes from the President himself. That doesn't necessarily mean they'll comply, but if they don't, the risks will be a lot more than "reputational."



Strive Helps Make Texas History

Strive Chief Financial Officer Ben Pham put it best: "Wall Street loves Bitcoin."

Strive is proud to be a founding member of NYSE Texas, and marked the occasion by closing the markets at AT&T Stadium alongside Governor Abbott and others celebrating the exchange launch.

[Learn More](#)

The Best of The Rest

Additional stories about ESG investing, company happenings, and more.

- [Mind the gap](#); the Wall Street Journal analyzes why the U.S. is pulling even further ahead of Europe.
- [ESG funds see ten consecutive quarters of outflows](#), but we "need to stay vigilant," City Journal warns.
- [Microsoft takes heat for hiring China-based engineers](#) to work on sensitive projects for the Department of Defense.
- [EU deforestation rules are here](#): require companies to audit suppliers across supply chain.
- [Google wants the world to know the environmental cost of AI queries](#); one prompt uses as much energy as watching about nine seconds of TV.
- [TV anchor sues CBS affiliate for DEI-based discrimination](#): alleges the local affiliate for being "too White" and the "least diverse station for on air talent."

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What Makes Strive Different?

While many asset managers push companies to focus on other stakeholders such as employees, suppliers, the environment and society at large, we live by a strict commitment to shareholder primacy—the belief that the purpose of a for-profit corporation is to maximize long-run value for investors. [Click here](#) to learn why shareholder primacy is so important.

How Does Strive Maximize Value?

Our corporate governance team engages with the companies in which our clients are invested to advocate for the pursuit of excellence in corporate America. We are aggressively apolitical when it comes to utilizing our corporate governance tools and demand that companies focus exclusively on delivering long-term financial value for investors. The corporate governance team also determines how to cast our shareholder votes at annual meetings and special elections, evaluating each proposal through the lens of maximizing financial return.

Our research team conducts deep analysis of macro economic trends, market developments, and industry- and company-specific metrics to identify potential risks and opportunities for our clients. We then incorporate the results of this research into our engagement and voting strategy, and share it with our clients in the form of white papers and market research reports so they can make the most educated investment decisions possible.

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