

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

September 30, 2025

This Week: Texas launches probe into proxy advisors; Biotech company sued for DEI-based discrimination; The Bitcoin Brief looks at Tornado Cash.

Texas Launches Probe Into Proxy Advisors



Earlier this month, Texas Attorney General Ken Paxton [announced](#) that his office is launching an investigation into proxy advisors ISS and Glass Lewis.

The Concern: Per the attorney general's statement:

- Glass Lewis and ISS collectively control more than 95% of the international market for proxy advisory services, which many asset managers rely on to determine how to vote their clients' shares.
- Yet the two giants frequently advise shareholders to vote against their best financial interests.
- For example, Glass Lewis and ISS often urge companies to choose board members based on demographic concerns rather than merit and push "aggressive climate policies" on corporate America.

In His Own Words:

Proxy firms like Glass Lewis and ISS too often sacrifice sound financial guidance to advance left-wing political goals, cheating not only investors but the American people as a whole. Proxy advisors play a massive role in shaping corporate governance decisions in our country, affecting tens of billions of dollars. My office has zero tolerance for these woke corporations smuggling radical, liberal ideology into the companies they advise and into the entirety of America's financial system.

Enforcement Is Bigger In Texas: The probe is not Texas's first time pushing back on ESG practices it believes violates state law. In 2023, Texas [launched](#) companies that boycott oil and gas companies from doing business with the state, and last year, it [sued](#) BlackRock, State Street and Vanguard for colluding to suppress coal output.

Why It Matters: As those concerned about fiduciary duties have pushed back on the ESG movement, the primary focus has been on asset managers like the Big Three. But while they deserve plenty of blame, there are other ESG supporters that have largely escaped scrutiny. Proxy advisors may be chief among them. Now, their time has come.

Biotech Company Sued for DEI Discrimination



Last week, two former employees sued biotech conglomerate Danaher for DEI-based discrimination, [HR Dive](#) reports.

The Allegations:

- The complaint alleges that Danaher's DEI program systematically discriminated against non-minority employees and applicants.
- For example, the company required managers to interview at least 50% women and minorities for open positions, even though those demographics made up less than 50% of qualified applicants.
- Managers therefore lowered standards to interview, and hire, less qualified applicants from underrepresented groups.
- The plaintiffs repeatedly sought promotions, but were passed over for less qualified underrepresented applicants.
- Now they're suing under the Civil Rights Act.

A Growing Trend: The lawsuit follows several similar complaints filed against IBM, Starbucks, CBS, Novant Health, 3M, Johnson & Johnson, and Shell.

A Clear Legal Landscape: While some employers may have initially jumped on the DEI bandwagon assuming it would be an easy PR boost, it's now clear that DEI is anything but. The Supreme Court has made clear that there's no such thing as benevolent discrimination, as the EEOC has reaffirmed its longstanding position that the Civil Rights Act is colorblind. That means that any policy that uses quotas, or targets, or incentives to give preferences to one demographic group over another is almost certainly illegal. Employers would be wise to take note.

BlackRock and Vanguard Scale Back Engagements



BlackRock and Vanguard have sharply cut back their ESG engagements with corporate executives after new SEC rules have made these efforts much riskier, [Reuters](#) reports.

What's Going On: In February, the Securities and Exchange Commission issued guidance requiring large asset managers to file more detailed and costly disclosures if they exert pressure on the companies they own. That includes signaling voting intentions on issues like climate change or tying director support to policies like DEI. Rather than comply with these disclosure requirements, BlackRock and Vanguard have scaled back their talks to try to preserve their status as "passive" investors.

By The Numbers:

- BlackRock reported 2,584 stewardship meetings in the twelve months ending June 30, 2025, down 28% from the prior year.
- Vanguard reported 356 meetings from April to June 2025, a 44% drop from the same period in 2024.
- Both firms paused engagements immediately following the SEC guidance, but later resumed them with an allegedly more cautious approach.

Why It Matters: For the better part of a decade, the world's largest asset managers have wielded enormous influence through private engagements with company boards. BlackRock, with more than \$12 trillion in assets, admitted back in 2017 that it used these sessions to "force behaviors" on issues like diversity, pushing ESG on corporate America. This approach has been under attack in recent years, with pro-shareholder investors pushing back. The new SEC rules have added teeth to these efforts, recognizing that if asset managers want to play an activist role, they have to play by activist rules.

The Bottom Line: For too long, corporate America has been besieged by activists seeking to divert their focus away from business and towards social goals. Large asset managers were chief among them. The new regulations may constrain asset managers, but by doing so, they're helping to liberate corporate America to focus on financial concerns alone.



Tornado Cash: A Whirlwind of Drama with Big Implications for Bitcoin

Over the past year, a legal drama has been playing out with all the trappings of a Netflix thriller: A young American crypto entrepreneur standing trial for allegedly conspiring to launder money for the North Koreans, who scammed victims out of \$7 billion in illicit funds.

But there's more to the story than meets the eye. It's a complicated tale that implicates the tradeoffs between privacy and security, free speech and censorship, innovation and government control. And it has enormous implications for the future of Bitcoin.

We're talking about Tornado Cash, the cryptocurrency mixer developed by Roman Storm.

A mixer is a privacy protocol that scrambles digital asset transfers to make them harder to trace—like having senders put cash in a bucket, before recipients take money out over time. Except there's no bucket because the entire protocol is peer-to-peer.

There's good reason for such technology. Without it, every blockchain transaction sits on a public ledger. An Afghan woman might want to privately buy Bitcoin to escape an abusive relationship; someone else might want to anonymously donate to Planned Parenthood or the NRA without political backlash. None of us post our bank statements online; digital currency users shouldn't have to either.

But there are illegitimate reasons too—like laundering money to develop nuclear weapons.

Storm argued, among other things, that he created Tornado Cash to protect privacy, and that he shouldn't be blamed for how users employed the software (most were legitimate).

The government disagreed, charging him with conspiracy to engage in money laundering, conspiracy to evade sanctions, and illegal money transmitting. Last month, the jury hung on the conspiracy counts but found Storm guilty of unlicensed money transmitting.

The verdict has outraged many in the Bitcoin community. Privacy protocols are not inherently criminal. They are [tools](#). Criminals use cash, VPNs and fake email addresses too, but none of those are illegal. Moreover, it's [unclear](#) how Storm could be guilty of transmitting money when he didn't actually transfer any. The non-custodial nature was the whole point.

And that's what has perhaps the greatest implications for Bitcoin's future. Hundreds of the [developers](#) are working on protocols to make Bitcoin more useful—creating tools that will enable smart contracts, games, faster payments and more. If merely contributing code can land developers in jail, innovation grinds to a halt. Fortunately, that's not the law. Coding is protected by the First Amendment, meaning the government generally can't charge developers for creating tools.

Notably, prosecutors alleged Storm engaged in other conduct—promoting Tornado Cash and operating front-end systems—that distinguishes this case from pure development work. Still, the case has had a [chilling](#) effect on coders, not least because Mierusoft yanked Tornado Cash's code off GitHub after the government put the project on its sanctions list.

While appeals are still pending, the Tornado Cash case ultimately boils down to a fundamental question: Should developers be held responsible for how others use their code? Storm wasn't just a passive coder, true. But the line between legitimate development and criminal conspiracy remains worryingly thin. For Bitcoin's continued innovation, that line needs to be crystal clear, not subject to prosecutorial interpretation.



Strive Execs Talk Bitcoin Treasury Strategy with Michael Saylor

At the inaugural Bitcoin Treasuries Unconference in New York City earlier this month, Strive CEO Matt Cole and Chief Risk Officer Jeff Walton took the stage with Strategy CEO Michael Saylor to discuss Bitcoin-powered yield and the future of Bitcoin treasury companies.

Catch the full panel discussion below.

[Watch Here](#)

The Best of The Rest

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

- [China sanctions six U.S. companies](#) as trade tensions between the two countries escalate.
- [Netflix spends big on carbon credits](#) in bid to meet its commitment to slash carbon emissions 50% by 2030.
- [Disney again in the crosshairs](#) as shareholders sue company for allegedly breaching fiduciary duties by placing politics over business decisions.
- [Exxon says energy demand makes the case for fossil fuel growth](#); Dan Ammann, president of the company's upstream division, says Exxon is not interested in "chasing the narrative of the week."
- [California city council urges CalPERS to divest](#) "from companies and bonds that profit from weapons manufacturing, human rights violations, for-profit prisons, and immigration detention centers," and instead "reinvest in ethical and socially responsible funds aligned with justice, sustainability and human rights."

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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.

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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.

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