

## **Witness Biographies: State Affairs Hearing on HB 241-Iran Divestiture**

### **About Sarah Steelman**



Sarah Steelman is currently serving as a professor at Missouri State University in their Executive in Residence program teaching a political science class in leadership and public policy change. She just finished a four year term as State Treasurer of Missouri serving as the 44th State Treasurer after having been elected in 2004. Steelman elected not to run again for State Treasurer and made an unsuccessful bid for Governor in 2008.

As Missouri Treasurer Steelman was responsible for the management of more than \$19 billion in Missouri's annual revenue and managed the investment of over \$3 billion in long- and short-term investments in the state's portfolio. She started the first terror-free investment fund in the nation which ensured that no taxpayer dollars are invested in terrorist sponsoring countries. Many other states have followed her lead enacting similar policies.

As treasurer Steelman served as chairman of the state's Higher Education Savings Board, which administers the Missouri Saving for Tuition, or MOST program and as Chairman of the Missouri Housing Development Commission. She also served as a member of the Missouri State Employee Retirement System and the Board of Fund Commissioners that oversees issuance of debt instruments by the state.

In 1998 and 2002, Steelman was elected to serve as the Senator for the 16th State Senatorial District. As a member of the State Senate, Steelman served as chairman of the Senate Committee on Commerce and the Environment. She served as a member of the Senate Committee on Aging, Families, Mental and Public Health; a member of the Senate Committee on Education; and a member of the Senate Committee on Governmental Accountability and Fiscal Oversight.

She also served on the Missouri Consolidated Health Plan Board of Trustees; the Joint Task Force on Terrorism, Bio-Terrorism and Homeland Security; and the Joint Committee on Rules.

Previously, Steelman served as deputy director of the Missouri Department of Natural Resources – Division of Geology and Land Survey. She also worked as an economist for the Department of Revenue and as an adjunct professor in economics at Lincoln University. She served as an investment broker and as the director of the Big Brothers and Big Sisters program in Rolla, a not-for-profit organization that matches children in need of attention with volunteer mentors.

Steelman holds a Bachelor of Arts degree in History and a Master of Arts degree in Economics from the University of Missouri – Columbia. She is married to David Steelman and is the mother of three boys – Sam, Joe, and Michael. Her stepdaughter, Amanda is married to Taylor Moore and lives in Springfield, Missouri with their baby Lily.

## **The Wall Street Journal Terror-Free Investing**

Printed in The Wall Street Journal

By Sarah Steelman

JEFFERSON CITY, Mo. -- The idea of "shareholder democracy" is today much bruited about, but whatever connotations that term has acquired, at bottom it means investors have a "vote" - that is, they can choose where to put their money, and where not. That kind of democracy assumes a new urgency in the post-9/11 world, as tens of billions of dollars are currently surging into countries that sponsor terrorism.

According to the independent research provider Conflict Securities Advisory Group (CSAG), there are some 485 publicly traded companies doing business with four regimes designated by the State Department as sponsors of terror. The activities of these mostly foreign-owned companies -- such as Total, Sinopec and BNP Paribas -- in terrorist-sponsoring states generate billions in revenues for the governments of Iran, Sudan, North Korea and Syria.

By so doing, these companies create part of the cash flow that enables these nations to underwrite the activities that our armed forces are fighting around the world. Were they to stop doing business with our enemies, it would be vastly more difficult for those regimes to sponsor terrorism, finance weapons of mass destruction programs and threaten -- or, in the case of Sudan, engage in -- genocide.

In this case, shareholders -- citizens -- have the power to influence. If American investors in these businesses -- not only institutional investors such as public pension systems, money managers, investment trusts and university endowments, but also individuals -- pressure companies to sever such business relations, they can become change agents in the financial sector and force multipliers for our troops abroad. It's high time we afford all American investors the opportunity to exert this influence by investing terror-free. That's why I am pleased to announce that the Missouri Investment Trust (MIT) became, in July of this year, the first public agency in America to implement a terror-free investment fund. This specially crafted, actively managed international fund screens out companies with ties to regimes involved with terrorism.

Our experience makes clear that it is possible for investors to hold these companies accountable for their business decisions by excluding their stocks from portfolios. We are proving that terror-free investing is a matter of *choice*, and that Wall Street will respond to the demand. What's more, it can be accomplished with leading investment firms and without sacrificing returns.

From a financial standpoint the results have been impressive. MIT, in conjunction with CSAG and Boston-based State Street Global Advisers, engaged in extensive due diligence. We back tested bidders' portfolios, for instance, and found that performance would not have been impaired over the past five years had the terror-free screen been in place.

The transition to the new fund was minimally disruptive. In fact, in the first quarter following its establishment, MIT's screened fund outperformed the MSCI EAFE index (the benchmark for international equities in developed Asian and European countries) by 74 basis points -- showing

that this terror-free public fund will do well for Missourians while also doing good for America. This result should not be surprising. The Securities and Exchange Commission determined years ago that companies conducting business in U.S.-sanctioned nations are exposed to "global security risk" -- risk that, in some cases, can negatively affect share value. Sadly, and somewhat shockingly, the vast majority of fiduciaries have, to date, ignored this financial risk, to say nothing of the ethical considerations, when investing in these companies. Terror-free investing should not, however, be limited to public funds. Elected officials, fund managers, American corporations and Wall Street ought to afford this investment option to the maximum degree possible.

Toward that end, in 2007, Missouri's 529 College Savings Advisor Plan will make available to all American investors the Roosevelt Anti-Terror Multi-Cap Fund (RATF) -- the only mutual fund in the country that is currently certified to exclude companies that have business ties to the terrorist-sponsoring states referenced. Additionally, Missouri is actively pursuing the inclusion of an international terror-free fund in our 529 advisor plan line-up.

Missouri is not alone in believing that Americans want to invest terror-free. Nationwide Financial has elected to make this same certified fund available to investors through its vehicle for corporate 401(k) plans. Recently, Swiss America, a tangible asset firm located in Arizona, became the first Nationwide 401(k) client to offer its employees the RATF option. The vast majority of Swiss America's employees took advantage of this option. Nationwide is exploring how to make a terror-free investment option more available to its over 25,000-member private sector plan base.

More importantly, this type of shareholder activism has a long record of success. Over 20 years ago, companies responded to such pressure by freezing their business relations with South Africa until apartheid was abolished. In short order, the government maintaining that oppressive practice was forced first to abandon it and then to relinquish power.

Lincoln said it best: "We -- even we here -- have the power, and bear the responsibility." This American culture of civic engagement has made all the difference: encompassing everything dumping tea into a harbor to buying war bonds to serving in the armed forces.

By choosing to invest terror-free, we can help cut off financing for terror-sponsoring governments, help our soldiers, make our investments less risky and make a difference in the contemporary fight for liberty. That's democracy.

***Ms. Steelman is state treasurer of Missouri.***

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