

Divestiture in gun companies is a matter of numbers: Wooden

By Eric Bedner | Dec 4, 2019

HARTFORD — Connecticut is planning to divest its pension funds from five civilian gun manufacturers, which state Treasurer Shawn Wooden said Tuesday aims not only to help address gun violence but also ensure the state's investment portfolio remains healthy.

Connecticut's retirement and trusts funds are currently valued at \$30 million in the companies that will be replaced with less risky investments, according to the treasurer's office.

While choking back tears, Wooden spoke of his personal experience with gun violence that led to the death of his cousin, Michael, in 2012.

As the youngest of six children growing up in the North End of Hartford, he noted that minority communities are disproportionately impacted by gun violence.

"It's far more likely for me to have ended up in a casket than to be standing here before you as Connecticut's state treasurer," Wooden said. "This issue is personal to me."

Nonetheless, he said, there is a financial significance to divesting from civilian firearm manufacturers as well.

Citing the U.S. Supreme Court's decision to allow families of Sandy Hook Elementary School victims to sue Remington Arms, Wooden said there is volatility in firearm markets, leading to an increased financial risk.

As part of any future contracting processes with the state, banks and other financial institutions will have to disclose their gun policies as Connecticut moves toward working more with those who are adequately managing the risk of gun violence, Wooden said.

"At the treasurer's office, we want to incentivize the financial services industry to do the right thing," he said.

When awarding financial and banking business, Wooden's office will consider gun policies as one factor, with the hope that more institutions will adopt policies aimed at reducing gun violence, particularly considering the lack of action on the federal level.

"Money talks, and I want our policy to speak loud and clear," he said. "We will disrupt the status quo to produce better returns and safer communities. May it speak loud enough to reach those lawmakers in Washington, who continue to be on the wrong side of history in opposition to common sense gun reforms. And may it speak clear enough for gun manufacturers to understand it's time to make safer, smarter products for the marketplace.

"Countless tragedies continue to fall on deaf ears, so it's time for money to do the talking and for money to motivate the change we need," he said.

While he said he understands the companies the state is moving away from are law-abiding, his decision is largely based on the risk firearms pose to the state's investment portfolio.

"I'm a numbers person," Wooden said. "Guns have just become risky. Stock prices are volatile. ... They are not being punished. This is just the free marketplace at work."

The state will maintain its investments in defense contracts as long as they continue to pay off as expected, he said.

Wooden also announced that Citibank and Rice Financial have been hired to lead Connecticut's next \$890 million general obligation bond offering in the market. Both financial institutions have gun safety policies, according to the treasurer's office.

Ultimately, Wooden's proposal must be approved by the Investment Advisory Council, which he said is supportive of the change to the state's investment policy statement.

Gov. Ned Lamont praised Wooden's plan, noting that it's the first-of-its-kind in the nation.

"Connecticut continues to be a leader in responsible gun safety policies and as a state we must go beyond legislation in order to reflect the importance of protecting our communities from gun violence," Lamont said.

"While divesting sends a strong message, we still need a moment of action in Washington that will bring an end to mass shootings that have become an everyday tragedy in our country."