

February 10, 2025

Steve Marshall
Alabama Attorney General



For **press** inquiries only, contact:

Amanda Priest (334) 322-5694

William Califf (334) 604-3230

Page 1 of 2

Attorney General Marshall joins coalition probing asset managers' activity regarding Chinese investments

(Montgomery, Ala) – Attorney General Steve Marshall joined a coalition of 17 attorneys general in demanding answers from the world's top asset managers to determine if they are misrepresenting and omitting essential disclosures regarding Chinese investments.

In a letter sent Thursday to BlackRock, StateStreet, Invesco, JPMorgan, Goldman Sachs, and Morgan Stanley, the attorneys general raise concerns that the asset managers appear to be misrepresenting and concealing the risks of Chinese investments to their investors, especially as China is a foreign adversary of the United States and even so BlackRock and other asset managers imply investing in China has similar risks to investing in other countries.

The misstatements and omissions about investments in China may violate components of the asset managers' fiduciary duty of care to investigate the facts underlying an investment and implicate state laws on securities and on unfair and deceptive acts and practices.

"Asset managers have a duty to be transparent with their investors, not to obscure the significant risks posed by investments in a foreign adversary. The Chinese Communist Party's market interference, human rights abuses, and geopolitical threats are not just abstract concerns – they directly impact the financial security of American investors," Attorney General Steve Marshall said. "We will not allow Wall Street firms to prioritize access to China over their legal and ethical obligations to their clients."

In addition to concealing the risks associated with investing in a foreign adversary of the U.S., BlackRock also fails to disclose China's intention to invade Taiwan and when its funds rely on investments that could be ruled illegal at any time by the Chinese Communist Party (CCP). Additionally, BlackRock refers to China's Uyghur forced labor and genocide as "religious and nationalist disputes" rather than call it what it is.

The CCP is actively suppressing accurate information and has manipulated stocks. Instead of disclosing that information to shareholders, BlackRock implies that the quality of Chinese audits are simply not up to U.S. standards. Further, while China emits more CO2 emissions than the U.S., Europe, and Japan combined and engages in genocide of Uyghurs, flagrantly violating ESG principles, BlackRock's Environment, Social, Governance (ESG) letter grade for its all-China fund is the same for its U.S. small-cap stocks fund.

It appears the asset managers' involvement with Chinese investments may conflict with their duty of loyalty to their clients, given the CCP's interference with its markets and companies. For example, BlackRock began aggressively pushing Chinese investments to the world shortly after given permission from the CCP despite the fact China had been designated a foreign adversary by the U.S. only months before. BlackRock's recommendations have since caused losses for investors and "may have breached BlackRock's fiduciary duty of loyalty."

501 Washington Avenue • Montgomery, AL 36104 • (334) 242-7300
AlabamaAG.gov



The attorneys general assert that either the asset manager misstatements and omissions are a result from a conflict of interest from the intense pressure China places on firms seeking access to Chinese investors or stem from an inability to investigate the facts accurately, given interference and distortion from the Chinese Communist Party. To aid in potential ongoing investigations, Attorney General Marshall is demanding the asset managers answer questions regarding their Chinese investments by March 10.

Attorneys general from Idaho, Indiana, Iowa, Kansas, Mississippi, Missouri, North Dakota, Oklahoma, Ohio, South Carolina, South Dakota, Texas, Virginia, West Virginia, and Wyoming also joined the letter led by Montana Attorney General Austin Knudsen.

Click [here](#) to read the letter.