



Legislation Text

File #: Res 0166-2010, **Version:** *

Res. No. 166

Resolution calling on the boards of New York City's and New York State's pension funds to launch a policy of strategic divestment from companies with investments in Iran's energy sector.

By Council Members Oddo, Ignizio, Koo, Brewer, Fidler, James, Koppell, Nelson and Vallone

Whereas, The United States Department of State's *Patterns of Global Terrorism Report* for 2003 and 2004 (the "2003 and 2004 Reports") referred to Iran as the "most active" state sponsor of international terrorism; and

Whereas, The 2003 and 2004 Reports, which are based on data from American and allied intelligence services, found that Iran continues to provide funding and training to known terrorist groups, including HAMAS, Hizbollah, and the Palestine Islamic Jihad, and provides a safe haven to members of Al Qaeda; and

Whereas, In addition to providing continued support to terrorist groups, Iran, in defiance of the international community, is aggressively pursuing a nuclear program that poses a grave threat to the United States, its allies in the Middle East, Europe and globally; and

Whereas, According to the Energy Information Administration of the United States Department of Energy, Iran is the second largest oil producer in the Organization of Petroleum Exporting Countries (OPEC) and holds approximately 10% of the world's oil reserves; and

Whereas, In the mid-1990s, the United States commenced several formal efforts to curb energy investment in Iran, including Executive Order 12959 of May 6, 1995, which banned trade with and investment in Iran by U.S. individuals or entities, and the Iran Sanctions Act of 1996, which targeted foreign firms and prohibited the investment of more than \$20 million in one year in Iran's energy sector; and

Whereas, These sanctions were put in place to specifically prevent companies from investing in Iranian

companies who, in turn, could help provide revenue for terrorism; and

Whereas, Despite these sanctions, which specifically prohibit American companies from doing business with Iran, a loophole in the law allows foreign subsidiaries of American companies to do business with Iran so long as the subsidiary's decision-making is wholly independent of its United States parent company; and

Whereas, It appears that some American companies have taken advantage of this loophole to invest in Iran's energy sector through the use of such foreign subsidiaries; and

Whereas, In light of Iran's failure to comply with the international community's demand to stop its nuclear enrichment campaign and its continued support of terrorism, the City and State should take all possible measures to discourage and prevent American companies from investing in Iran's energy sector; and

Whereas, The City has taken various actions to divest from Iran's energy sector; for example, in 2009, the five New York City pension funds sold shares worth \$10.8 million in two companies with business ties to Iran, and the New York City Comptroller called upon the trustees of the pensions to adopt resolutions for the phased divestment of holdings in eight more companies with significant investment in Iran; and

Whereas, In 2009, the New York State Common Retirement Fund also decided to divest from nine companies with ties to Iran; and

Whereas, The New York State Assembly is currently considering a bill (A. 2830) that would prohibit the investment of public pension funds in companies doing business in or with Iran, and would require the divestment of previously invested public pension funds from such companies within three years of enactment; and

Whereas, Although the New York City and New York State pension funds have taken some action to divest from Iran, a more methodical, thorough, and urgent effort must be made to ensure that the City and State are completely divested from companies that invest in Iran, in order to avoid aiding Iran's nuclear program and its support for terrorism; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the boards of New York City's and New

York State's pension funds to launch a policy of strategic divestment from companies with investments in Iran's energy sector.

JH 3-29-10

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Finance Committee

Reintro Proposed Res. 1006/2007