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## WEALTH ADVISER: Nuns, Reverends Urge Derivative Disclosure

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By Daisy Maxey  
A DOW JONES NEWSWIRES COLUMN

NEW YORK (Dow Jones)--Congress may still be mulling an overhaul of over-the-counter derivatives regulation, but the Maryknoll Sisters already know they need more information on derivatives to evaluate their holdings.

They didn't get it Tuesday.

Citigroup Inc. (C) shareholders rejected a resolution put forward by the Maryknoll Sisters and several other investors, urging the bank to disclose by Dec. 1 its policies on securing collateral for the derivatives they use in order to mitigate risk, and for using customer funds for other speculative activities. Derivatives are complex financial instruments that played a large role in the 2008 financial crisis.

The Maryknoll Sisters; the Sisters of Charity of St. Elizabeth, N.J.; and other investors who put the resolution forward last month, are members of the Interfaith Center on Corporate Responsibility, a group of 300 faith-based institutional investors, which includes, among other organizations, asset-management companies, economic development funds, foundations, hospital corporations and pension funds.

Various members of ICCR also put forward shareholder resolutions this month seeking similar disclosure on derivatives from Bank of America (BAC), Goldman Sachs Group Inc. (GS) and J.P. Morgan Chase & Co. (JPM). Together, the banks targeted by the resolutions are four of the five that account for a reported 96% of all derivatives trading in the U.S., ICCR said. The fifth bank is Morgan Stanley (MS), and the group didn't target it because its stock wasn't widely held or held long enough by its members.

Despite the rejection of the Citigroup resolution Tuesday, the group said it's elated by a "better-than-expected" 30% of shares cast in its support. The vote has not yet been officially confirmed, it noted.

Often, shareholder resolutions only get a single-digit vote, said Sister Barbara Aires, coordinator of Corporate Responsibility at Sisters of Charity of St. Elizabeth, N.J., another member of ICCR. She called the 30% result a "clear moral victory" and "a strong message to Wall Street that the old way on derivatives and all of the attendant market-crashing risk they involve is no longer acceptable."

Citigroup did not return a call seeking comment Tuesday.

ICCR had called on the Treasury Department, which owns 27% of Citigroup's outstanding shares, to vote its shares in favor of the resolution seeking more information on derivatives, and the group expressed disappointment that the government didn't vote all the shares in favor of the measure.

Some may be surprised that faith-based organizations are taking such an active role in the financial world, but ICCR says the use of derivatives has become an important social issue.

"The recent financial crisis has resulted in the destruction of trillions of dollars of wealth and untold suffering and hardship across the world," the resolutions declare. "Very high degrees of leverage in derivatives transactions contributed to the timing and severity of the financial crisis."

Rev. Seamus Finn, director of Justice, Peace & Integrity of Creation, Missionary Oblates of Mary Immaculate and an ICCR board member, said Tuesday that members are concerned "about those who are on the margins of the financial system, those in developing markets and the emerging market world."

Votes on shareholder resolutions on derivatives put forward by ICCR members will take place on April 28 at Bank of America, May 7 at Goldman Sachs, and May 18 at J.P. Morgan.

should include their full names, work or home addresses and telephone numbers for verification purposes. We reserve the right to edit and publish your comments along with your name; we reserve the right not to publish reader comments.)

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