



ARMENIAN ASSEMBLY OF AMERICA

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June 14, 2019

The Honorable Senator Jerry Hill
Chair, Senate Labor, Public Employment and Retirement Committee
California State Senate
1020 N Street, Room 545
Sacramento, CA 95814

SUBJECT: Support of AB 1320 (Nazarian): Turkish Divestment

Dear Senator Hill,

The Armenian Assembly of America submits this letter in support of Assembly Bill 1320 (AB 1320), principally authored by California State Assemblymembers Nazarian, Friedman and Gabriel, and co-authored by California State Senator Wilk and Assemblymembers Holden, Rivas, and Chen, which prohibits the boards of the California Public Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) from making additional or new investments, or renewing existing investments issued, owned, controlled, or managed by the government of Turkey, upon the passage of federal law imposing sanctions against Turkey for not recognizing the Armenian Genocide.

Nothing in this bill requires CalPERS or CalSTRS to take action unless the boards determine, in good faith, that the actions are consistent with the fiduciary responsibilities of the boards as set forth in the California Constitution.

Established in 1972, the Armenian Assembly of America is the largest, nationwide, non-partisan Armenian American advocacy organization committed to promoting public understanding and awareness of Armenian issues. Among its educational initiatives, the Assembly and its sister organization – the Armenian National Institute – produce resources for educators about the nature, causes and consequences of the Armenian Genocide, and on the universal imperative of genocide prevention.

Throughout the past five decades, California has been an exemplar to fellow states with respect to the adoption of resolutions and proclamations commemorating the Armenian Genocide, in addition to the passage of legislation mandating the teaching of the genocide in statewide public schools, alongside the Holocaust and other modern-era mass atrocities.

In stark contrast to the Golden State's clear position on genocide recognition and education, the Turkish state mandates the teaching of genocide denial in its schools and continues a centuries-old policy of discrimination towards Armenians and other minority populations.

The government of Turkey, rather than acknowledging the Armenian Genocide and coming to terms with its past, continues its campaign of denial despite the genocide's affirmation by the

world's pre-eminent organization on the subject – the International Association of Genocide Scholars. In addition to the loss of 1.5 million souls, Armenians were dispossessed of their three millennia-old homeland, including over 2,100 churches and monasteries, thousands of schools, and countless homes and properties. Despite the Turkish government's policy of genocide denial and its efforts to blackmail governments worldwide to refrain from recognizing the Armenian Genocide, nearly 30 countries as well as 49 American states have done so.

In recent years, Turkey's civil and human rights record has been abysmal. Since 2005, under Article 301 of the Penal Code and Article 8 of the Anti-Terror Act, Turkish journalists, academics, human rights and civil society advocates, and representatives of its legal and judicial communities have been arrested and imprisoned for "insulting public officials" or "carrying out crimes against the state." Shortly before his assassination in 2007 by a Turkish nationalist supported by a cell of co-conspirators, the highly respected journalist and human rights defender, Hrant Dink, was falsely charged and prosecuted under Article 301. In 2018, a long-time leader of Turkey's pro-minorities Peoples' Democratic Party, Member of Parliament Garo Paylan, was also baselessly charged under Article 301. Members of Turkey's minority communities, including Kurds, Alevis, Armenians, Assyrians and Greeks, have especially been targeted for arrest and imprisonment under Articles 8 and 301. In addition, according to the Committee to Protect Journalists (CPJ), for the third straight year Turkey maintained its ignominious distinction as "the worst jailer of journalists" in 2018, and the Erdogan regime regularly refers to imprisoned journalists – at least 68 according to CPJ – as "terrorists, child molesters, and murderers."

Turning to critical regional issues, contrary to president Erdogan's spin, Turkey has neither acted as a good-faith partner of the global coalition to degrade and defeat ISIS, nor has made strides to mitigate the scourge of terrorism and Islamic extremism in the greater Middle East. According to David L. Phillips, the Director of the Peace-building and Human Rights Program at Columbia University, the Turkish state has materially aided and abetted ISIL, Jabhat Fateh al-Sham (also known as al-Qaeda in the Levant), and other terrorist organizations wreaking havoc in Syria and Iraq. Phillips collected evidence of Ankara's direct involvement in the oil trade with ISIL, its complicity in allowing terrorists to traverse into Syria and Iraq from Turkey, and its provision of offensive weapons, military materiel, and medical attention to members of various terrorist groups.

Further, Turkey's repression towards its Kurdish minority and violations of its neighbors' territorial integrity have exacerbated tensions in the region and heightened the level of risk for foreign direct investment. The tenuous security situation has had a deleterious effect on the Turkish economy, with Moody's Investors Service recently rating Turkey as Ba3/negative, three notches below investment grade, and Fitch Ratings issuing a BB/Negative rating of Turkey, two notches below investment grade. Rising inflation in Turkey, hovering around 19-20% in March 2019, coupled with rampant unemployment, and a significant decline in the value of the Turkish Lira against the United States dollar and the Euro, should be factored into the risk analysis of investing in Turkish government-issued and controlled debt securities and bonds.

Despite the high-risk investment situation on the ground in Turkey, California's public retirement systems – CalPERS and CalSTRS – jointly hold debt securities issued by the

government of Turkey in excess of \$350 million, the market value of which has exponentially shrunk over the past year. Nevertheless, such large-scale investments indirectly aid and abet Ankara's state-sponsored policy to deny the Armenian Genocide and repress vulnerable citizens.

The purpose of AB 1320 is to craft a sensible policy, which refrains from financially rewarding and investing in foreign governments that undermine democracy and trample upon the basic human and civil rights of its citizens. The approval of this bill would send a clear signal to residents of the Golden State that California values investment options that are in accordance with its legislative policies and principles in protecting and upholding universal human and civil rights, the rule of law, and the freedom of expression within the state and throughout the globe.

Indeed, as the world's fifth largest economy, California demonstrates an exemplary historical record of leading the way in the adoption of divestment legislation. The solid precedential record includes the California State Legislature's divestment from South Africa, spearheaded by then Governor George Deukmejian and signed slightly prior to the United States Congress' own divestment legislation vis-à-vis South Africa for the latter's policy of apartheid. There are also the notable precedents of the California State Legislature divesting from Sudan for its state-sponsored genocide in Darfur, and from Iran for its support to international terrorist organizations.

The Armenian Assembly of America believes that AB 1320 offers adequate protections, which hold present, former, and future board members, officers, employees and third-party investment managers harmless from a financial perspective. In addition, we support measures, such as AB 1320, which include safeguards to minimize any potential impact upon employees and retirees.

Since the establishment of CalSTRS in 1913 and CalPERS in 1932, thousands of Armenian American retirees in California, spanning both pension systems, including educators, engineers, economists, and civil servants, have benefited from their and their employers' respective contributions to both systems. Armenian American retirees in California make up a significant constituency of the storied histories of CalPERS and CalSTRS.

The Armenian Assembly of America urges the honorable Members of the California State Senate Standing Committee on Labor, Public Employment and Retirement to vote in favor of AB 1320. A vote in favor of this bill would underscore California's long-standing commitment towards the protection of universal human and civil rights, and send a clear signal to repressive regimes, the world over, that California invests in countries which do right by their respective citizens.

Sincerely,



Mihran Toumajan
Western Region Director