STRIVE

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

August 5, 2025

This Week: The Big Three must face antitrust suit; Senate holds DEI hearings; The Bitcoin Brief studies mathematical proofs.

BlackRock, State Street, and Vanguard Must Face Antitrust Suit

Last week, a federal court denied BlackRock, State Street, and Vanguard's motions to dismiss an antitrust lawsuit brought by the Texas attorney general over their coordinated climate-focused advocacy, Reuters reports.

The Order: In the order, the judge refused to toss the suit, explaining:

> Plaintiffs have alleged that Defendants acquired significant amounts of stock in coal companies and then used their market power to pressure the companies to decrease coal production. Plaintiffs' allegations, moreover, are not vague and conclusory but include dozens of specific examples of Defendants' conduct supporting their theory.

The Allegations: In finding that Texas had adequately pled its case, the judge cited:

- BlackRock "asking companies to set short-, medium-, and long-term targets for greenhouse gas reductions,"
- Vanguard asking companies with significant coal exposure how they "set targets in alignment" with the Paris Agreement and the Glasgow Climate Pact, and
- State Street's creating ESG scores for companies and telling them that their score "will soon effectively be as important as [their] credit rating."

The judge further noted that all three asset managers followed through on these mandates by voting against directors if companies refused to comply.

No Safe Harbor: The court further found that the Big Three were not entitled to the safe haven as "passive" investors because the "safe harbor is unavailable to investors who, as Defendants allegedly did, use their stock through proxy voting or otherwise to bring about or attempt to bring about the substantial lessening of competition."

What's Next: Defendants will likely now have to answer the complaint, provide discovery to the Texas attorney general, and, eventually, stand trial.

In Related News: A new report from the American Energy Institute finds that BlackRock continues to push fossil fuel producers to cut production to serve environmental goals, despite their public positioning.

Senate Holds Hearing on Ending DEI

Last month, the Senate Subcommittee on the Judiciary held a hearing entitled "Ending Illegal DEI Discrimination & Preferences: Enforcing Our Civil Rights Laws," during which Senators pressed the Civil Rights Division and private litigants to sue employers who engage in illegal DEI practices.

Corporate DEI Under Fire:

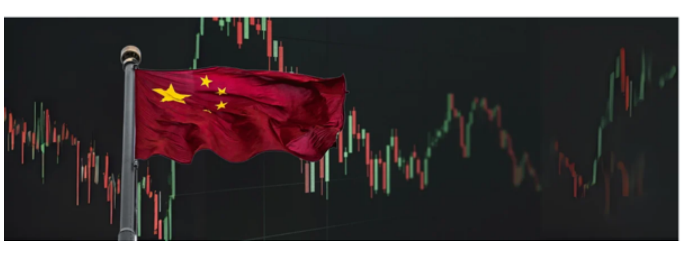
- Assistant Attorney General for the Civil Rights Division, Harmeet Dhillon, said she speaks with the Equal Employment Opportunity Commission "almost daily" about ongoing investigations into companies that practice DEI. "When those investigations are concluded without satisfactory resolution or termination of the DEI policies in question, these matters are often referred to the Civil Rights Division for further enforcement," Dhillon said.
- President of the nonprofit America First Legal, Gene Hamilton, testified about the complaints and lawsuits his organization has brought against corporations including Progressive Insurance, CBS, Ally Financial, Nike, Cracker Barrel, Johnson & Johnson, Apple, and others.

Rebranding Won't Work: Assistant Attorney General Dhillon addressed concerns that companies were simply rebranding their DEI initiatives, while leaving race-based preferences intact. She pledged to combat discrimination in all its forms, and noted that the agency was working with whistleblowers to identify illegal practices. "With these efforts underway, the choice is clear: either DEI will die itself, or we will kill it," she explained.

No "Benevolent Intent" Exception: Assistant Attorney General Dhillon further confirmed that there is no "benevolent intent" exception to our civil rights laws, and that all forms of race-based hiring, promotion, perks, or preferences are illegal.

Why It Matters: The Supreme Court has made clear in multiple recent cases that companies are not permitted to engage in racial discrimination. Yet such discrimination persists. The Assistant Attorney General's testimony makes clear that this is an enforcement priority for the Civil Rights Division, and that there is a large pool of very hot water waiting for companies that refuse to set discrimination aside.

China's Energy Advantage Threatens U.S. AI



The race for AI is here. And for the U.S. to remain competitive with China, it needs to match its rival not only in technological advancements, but in raw energy production too, per a report from Anthropic.

The Big Picture: China added over 400 gigawatts of power capacity last year, compared to just several dozen gigawatts in the U.S. For power-hungry AI, that's an incredible disparity that could hamper American ambitions for AI dominance.

The Numbers Are Staggering: Anthropic projects needing 2GW and 5GW data centers for single AI models by 2027 and 2028 respectively, with total U.S. frontier AI training demand reaching 20-25GW by 2028. That's roughly equal to the entire annual energy consumption of Ghana.

Nuclear As the Obvious Winner: Nuclear, with its reliable, 24/7 power generation capabilities, is positioned to be the obvious choice. Goldman Sachs forecasts 85-90GW of new nuclear capacity needed to meet data center demand by 2030, but believes only 10% of that figure will be available globally. Natural gas is expected to make up at least some of this shortfall, but the supply-demand imbalance is real.

Big Tech Is Already Moving:

- Microsoft and Google are purchasing nuclear power from suppliers to bring additional capacity online for data centers.
- Meta signed a 20-year nuclear deal to power its AI data centers.
- Oracle, OpenAI, and international investors launched a $500 billion AI infrastructure effort.

A U.S. Opportunity: These challenges, while significant, also present significant opportunities for U.S. tech companies, energy companies, and their investors. Already, the federal administration recognizes the importance of U.S. AI and energy dominance. And Anthropic's report contains a roadmap of how regulators can cut red tape to ensure that AI takes hold on American ground.

The Investor Perspective: The choice for America's leaders are clear: streamline American energy developments or watch AI leadership move to Beijing. For fiduciaries focused on long-term value creation, the choice is less stark. That's because we believe backing the companies and sectors that will power American AI dominance isn't just a civic duty, but a financially prudent investment as well.

The Lightning Network, Proven

Earlier this year, we wrote about how Steak 'n Shake began accepting Bitcoin for burgers and shakes via the Lightning Network. Now, a group of researchers have completed the first formal proof that the Lightning Network protects funds of honest users, even against an untrustworthy counterparty.

Back in May, we explained how the Lightning Network solves a long-standing challenge for Bitcoin. The Bitcoin base layer is slow by design, confirming transactions roughly every ten minutes. That makes it extremely secure, but clunky for everyday payments like coffee or cheeseburgers. The Lightning Network solves that problem by allowing users to create secure, direct payment channels between one another. These channels can route transactions instantly—no miners, no waiting, no expensive fees. Once the off-chain payment is complete, the final result is settled on the blockchain.

That's what allows you to walk into Steak 'n Shake, scan a QR code, and pay in Bitcoin just as quickly as you would with Apple Pay or a credit card. The difference is that when you pay via the Lightning Network, you're sending real money, instantly, without the help of any third-party intermediary; a credit card payment, by contrast, is essentially an IOU routed through several layers of processors, banks, and other intermediaries that each take their cut and take days to fully settle.

Until now, Lightning's speed and efficiency were widely appreciated, but it's security model, while well-reasoned, hadn't been rigorously proven. That changed this spring, when two researchers from the University of Warsaw and one from Imperial College London published a new academic paper laying out the first-ever formal proof of Lightning's core security guarantees.

Their approach differed from a typical code audit or bug bounty. They translated the Lightning protocol into mathematical logic using a formal verification tool called Why 3, then asked the computer to exhaustively prove that in all possible network conditions—bad connection, malicious actors, channel closures—honest users are guaranteed to retain full control of their funds.

The results were clear: "the Lightning Network, the most prominent scaling technique for Bitcoin, always safeguards the funds of honest users." As blockchain researcher Krzysztof Gogol put it, this is "foundational work bridging formal methods and real-world protocols." The paper doesn't just show that the Lightning Network works. It shows that it cannot be tricked into losing your money, even if the other party disappears or lies.

That's more than an academic point. The Lightning Network currently has the capacity to hold 5,000 BTC in public channels—more than $500 million at today's prices—and powers tens of thousands of daily transactions. As Bitcoin usage expands, from burger joints to cross-border payments, it's essential that the underlying infrastructure is provably secure.

With this new research, the Lightning Network has moved from fast and promising, to fast, promising, and battle-tested via formal logic. It's one more reason why Bitcoin is not only the most secure monetary network on Earth, but also, increasingly, the most usable.

Strive's Jeff Walton Engages Strategy on Refining their Future Intelligent Leverage Framework

Strive VP of Bitcoin Strategy Jeff Walton asked about Strategy's plans to revisit their leverage framework as they look to retire their convertible bonds and shift to a preferred credit strategy.

Michael Saylor's response is a must watch and includes what he believes was their "iPhone moment."

Watch Here

The Best of The Rest

Additional stories about ESG investing, company happenings, and more.

- Barclays leaves Net Zero Banking Alliance as the ESG retreat reaches European shores.
- Proxy advisors ISS, Glass Lewis sue Texas over new law requiring proxy advisors to disclose to consumers when their advice is "not being provided solely in the financial interest of the company's shareholders."
- Can the timber industry and carbon credit industry coexist when both are vying for the same trees?
- Kansas's pension fund is voting to maximize value two years after law went into effect requiring the state to set aside consideration of non-financial social and environmental causes.
- Boeing benefits from U.S. trade deals despite the company's safety issues and history of DEI ventures.
- Public utilities and tech companies battle over AI-fueled energy costs as demand surges and grids require upgrades.

Know someone who might enjoy this newsletter? Be sure to share it with them. Not signed up and want to receive your own weekly copy of The Fiduciary Focus? Click here to sign up.

Who Are We?
Strive is one of the fastest growing asset management firms. Our mission is to maximize value for our clients by leading companies to focus on excellence. **Click here** to learn more.

What Makes Strive Different?
While many asset managers push companies to focus on other stakeholders such as employees, suppliers, the environment and society at large, we live by a strict commitment to shareholder primacy — the belief that **the purpose of a for-profit corporation is to maximize long-run value for investors.** **Click here** to learn why shareholder primacy is so important.

How Does Strive Maximize Value?
Our corporate governance team engages with the companies in which our clients are invested to advocate for the pursuit of excellence in corporate America. We are aggressively apolitical when it comes to utilizing our corporate governance tools and demand that companies focus exclusively on delivering long-term financial value for investors. The corporate governance team also determines how to cast our shareholder votes at annual meetings and special elections, evaluating each proposal through the lens of maximizing financial return.

Our research team conducts deep analysis of macro economic trends, market developments, and industry- and company-specific metrics to identify potential risks and opportunities for our clients. We then incorporate the results of this research into our engagement and voting strategy, and share it with our clients in the form of white papers and market research reports so they can make the most educated investment decisions possible.

Full disclosures and terms of use here.

Strive, 200 Crescent Court, Suite 1400, Dallas, Texas 75201, United States, (855) 427-7360