

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

March 29, 2018

Ajaypal Singh Banga, President & CEO  
Mastercard, Inc.  
2000 Purchase Street  
Purchase, NY 10577

Dear Mr. Banga:

As Comptroller of the State of New York, I am Trustee of the New York State Common Retirement Fund (Fund), the third largest public pension fund in the United States, which holds and invests the assets of the New York State and Local Retirement System on behalf of its more than one million members, retirees and beneficiaries. The Fund's \$209.1 billion portfolio includes 2,910,451 shares in Mastercard, Inc. I am writing to express my concern that Mastercard may suffer reputational harm because it allows its banking services to be used in firearms transactions.

In the aftermath of the most recent school shooting in Parkland, Florida, and other tragic and high-profile mass killings, the issue of gun violence in America is once again at the forefront of our country's attention. As that national conversation continues, many Americans are becoming more vocal and organizing to pressure companies and businesses that are identified as enabling the gun industry.

Recent negative media coverage, social media campaigns, and organized boycotts have subjected companies associated with the firearm industry, including those that partner with the National Rifle Association (NRA), to widespread negative publicity and reputational harm. Under pressure from their customers and the general public, many of those companies have ended their partnerships with the NRA.

In addition, following the Sandy Hook Elementary School tragedy in 2012, many institutional investors restricted investments in companies that manufacture guns and ammunition. Similarly, many investors are now again looking to address the risk posed to companies associated with the firearm industry. Blackrock, Inc., many public pension funds, and other investors have started engagements with firearm manufacturers and distributors to understand how they are responding to recent tragedies, public pressures, and calls to help end gun violence.

Credit card companies are not immune from this type of reputational risk. In a recent *New York Times* commentary, Andrew Ross Sorkin discussed the role credit card companies play in the purchase of firearms, ammunition and accessories.<sup>1</sup> Since the article was published, the idea of financial institutions refusing to do business with retailers that sell assault weapons has garnered widespread interest in other publications and among social media.

Credit card companies, financial institutions, issuers, and payment processors have a history of prohibiting their services from being used in the purchase of high risk items and services that may cause reputational or societal harm. These include lottery tickets, the services of mug shot removal companies, digital adult content, contributions to WikiLeaks, and cryptocurrencies. Apple Pay, PayPal, Square, and Stripe have all prohibited the use of their services for the purchase of firearms, ammunition, and accessories. And as result of the national conversation surrounding gun violence, Citigroup recently announced a new U.S. Commercial Firearms Policy and has encouraged the financial services industry and other stakeholders to tackle these challenges together.<sup>2</sup>

Based on the Fund's experience as a long-term investor, I believe that sustainable business practices — including responsible social practices — and the ability to mitigate reputational risk are hallmarks of a company with a sound, sustainable, and profitable long term strategy. If Mastercard continues to allow its services to be used for purchasing firearms and accessories—particularly if gun violence continues unabated in society— public outcry and calls for action may grow and create significant financial risk for the company.

As a long-term institutional investor in your company, I request that Mastercard assess the risks associated with its services being used in the purchase of firearms, ammunition and accessories, and explore the operational and financial cost of implementing a system that could reject the purchases of these items in order to ameliorate such risks.

Thank you for your attention to this important matter.

Sincerely,

/s/

Thomas P. DiNapoli  
State Comptroller

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<sup>1</sup> Andrew Ross Sorkin, “How Banks Could Control Gun Sales if Washington Won’t,” *New York Times*, February 18, 2018, <https://www.nytimes.com/2018/02/19/business/banks-gun-sales.html>

<sup>2</sup> Ed Skyler, Executive Vice President, Global Public Affairs, Citi, “Announcing Our U.S. Commercial Firearms Policy,” March 22, 2018, <https://blog.citigroup.com/2018/03/announcing-our-us-commercial-firearms-policy>