



Office of Inspector General

September 25, 2020

INVESTIGATIVE SUMMARY

Findings of Alleged Fraudulent SEC Rulemaking Comment Letters

The OIG investigated an allegation concerning fraudulent comment letters submitted in the course of the rulemaking process reported in a Bloomberg article.¹ Specifically, the article reported that, in his remarks after a public roundtable about proposed rule changes to the proxy voting process, Chairman Jay Clayton cited seven comment letters submitted to the SEC from “long-term Main Street investors...all of whom expressed concerns about the current proxy process.” The article claimed, however, that, when contacted, many of the investors who Chairman Clayton cited told the reporters that 1) they did not author any such letters and 2) they had ties to an advocacy group.

During the investigation, the OIG reviewed the 7 letters Chairman Clayton cited as well as 21 additional letters with similar profile. Additionally, the OIG interviewed 19 of the 28 authors of the letters. The remaining 9 individuals did not respond or did not consent to be interviewed. Each person interviewed stated they willingly submitted a letter to the SEC and did not receive any compensation or benefit from anyone for doing so.

Further, the investigation determined that an advocacy association for seniors solicited its members, current and former employees, and friends of the association’s employees to submit comment letters in response to proxy rulemaking proposals.

The investigation also determined that a public affairs company working on behalf of another advocacy group solicited individuals to submit letters to the SEC about the proposed rule change. The investigation did not identify any author who did not in fact submit a letter to the SEC or who disagreed with the content in the letter they submitted to the SEC.

Although the U.S. Attorney’s Office for the Northern District of California and the U.S. Attorney’s Office for the Eastern District of Virginia were initially interested in this matter, no evidence was found to indicate any criminal violation. As such, those offices declined to pursue any criminal actions and the OIG closed this investigation.

¹ Mider, Zachary, and Ben Elgin. “SEC Chairman Cites Fishy Letters in Support of Policy Change,” November 19, 2019. <https://www.bloomberg.com/news/articles/2019-11-19/sec-chairman-cites-fishy-letters-in-support-of-policy-change>.