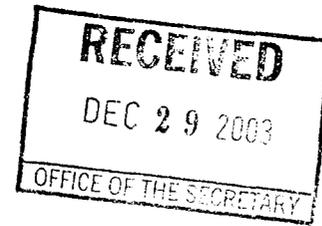


401

December 19, 2003

**VIA U.S. MAIL**

Mr. Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, DC 20549-0609



Re: *File No. S7-19-03*

Dear Mr. Katz:

The following published materials are submitted on behalf of The Shareholders for Growth Coalition.

1. Letter from Jeff Jacobson, Majority Whip, Ohio Senate.
2. Letter from Steve Stivers, Ohio State Senator
3. Letter from Chuck Blasdel, Ohio House of Representatives
4. Letter from Chris Widener, Ohio House of Representatives
5. Letter from Gregory Lavelle, Delaware House of Representatives
6. Letter to the Editor submitted to the *Sallamanca Press*, Allegany, NY from Matt Dabrowski.
7. Opinion Editorial published in the *Nevada Appeal* by George Ruiz
8. Opinion Editorial submitted to the *Journal News*, White Plains, NY from Mathew Ng.
9. Letter to the Editor submitted to the *Syracuse Post Standard*, Syracuse, NY from Thomas Neidl

A copy of each of these publications is attached hereto for inclusion in the public comment file for File No. S7-19-03.

Sincerely,

Jeffrey T. Oldham  
Shareholders for Growth

cc: Hon. William H. Donaldson-Chairman, U.S. Securities and Exchange Commission  
Hon. Paul Atkins, Commissioner  
Hon. Roel Campos, Commissioner  
Hon. Cynthia A. Glassman, Commissioner

Hon. Harvey Goldschmid, Commissioner  
Alan L. Beller-Director, Division of Corporation Finance  
Giovanni P. Prezioso, General Counsel

70269388\_1.DOC



JEFF JACOBSON

Majority Whip

Senate Building, Columbus, Ohio 43215  
614-466-4538

OHIO SENATE  
6th District

**Committees:**

Health, Human Services and  
Aging, *Vice Chairman*  
Joint Committee on Agency Rule  
Review, *Vice Chairman*  
Finance and Financial Institutions  
Public Utilities  
Rules  
Legislative Service Commission

December 10, 2003

Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
450 Fifth St., NW  
Washington, DC 20549-0609

Re: File S7-19-03

Secretary Katz:

I am writing in opposition to the proposed rules change that will permit shareholder-nominated board candidates to be included in company proxy statements. I am concerned that the rules proposal will:

- politicize the board decision process in a manner that will serve as a detriment to a company's collective well-being;
- create divisive boards that will have difficulty working cohesively to ensure effective oversight decisions are made;
- impact nearly all U.S. companies, irrespective of state law where a company is incorporated and regardless of a company's current practices or performance to shareholders.

Before enacting any further regulations, it is imperative that the Securities Exchange Commission examines the full impact of the Sarbanes Oxley reforms as well as the recent changes to the New York Stock Exchange and Nasdaq listing standards. While there is a need today for better functioning boards of directors, I fear that this proposal will completely undermine the positive steps those recent reforms have made.

Thank you for considering my opinions on this matter.

Sincerely,

Jeff Jacobson  
Majority Whip



**Ohio Senate**  
Statehouse  
Columbus, Ohio 43215  
(614) 466-5981  
sd16@mailr.sen.state.oh.us

**Committees:**  
Judiciary - Civil, Vice Chairman  
State and Local Government and Veterans' Affairs  
Highway Transportation  
Judiciary - Criminal

**STEVE STIVERS**  
16th District

December 8, 2003

Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-0609

Dear Mr. Katz,

I am writing in my capacity as a former banker and current State Senator, with concern over the Securities and Exchange Commission's (SEC's) recently proposed rules that would permit shareholders to nominate directors in company proxy statements, File S7-19-03.

The proposal has been dubbed "Director elections," and is a move that will certainly cause more instability and politicizing within the corporate governance structure. I sympathize with shareholders given the scandals that have plagued corporate America over the past few years. I also realize that giving this power to shareholders will provide an avenue for special interest groups to push their own agendas in lieu of what is best for the corporation and all of its investors as a whole.

The SEC is aiming to ensure that shareholders best interests are addressed first and foremost. Corporate governance has increased over the past two years. Independent committees have increasingly nominated directors, and these directors along with their boards have been meeting more frequently, in addition to increasing their communications with shareholders. Proposed New York Stock Exchange listing standards will require the majority of the board, in addition to the audit, nominating and compensation committees to be composed of independent actors. These standards provide for more sound, impartial oversight and decreased conflict of interest.

The most effective corporate governance lies with an independent board of directors able to employ their business judgment regarding corporate matters. Allowing shareholders to nominate directors will only lead to a less healthy financial forecast. The SEC should target only companies that are not responsive to its shareholders. Promoting "director elections" is setting a dangerous precedent for corporate governance. "Director

elections" are laying the framework for severe, unintended consequences: the stifling of business innovation, decreased productivity and the inhibition of economic growth.

I encourage the SEC to reconsider this proposal. I do not want to see special interest groups infiltrate corporate governance. Important corporate governance decisions belong in the hands of independent, well-educated directors and boards who will exercise good judgment not subjective determinations influenced by a select group of shareholders.

Thank you for your time and consideration. I invite you to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Stivers", written over a circular stamp or seal.

STEVE STIVERS  
State Senator, Ohio  
16<sup>th</sup> District

Ohio House of Representatives

**Chuck Blasdel**  
State Representative

1st House District  
Columbiana County

**District Office**

15700 State Route 170, Suite A  
East Liverpool, Ohio 43920  
telephone: (330) 382-0500  
fax: (330) 382-1201

**Capitol Office**

Riffe Center  
77 South High Street  
Columbus, Ohio 43215-6111  
toll free: (800) 282-0253  
telephone: (614) 466-8022  
fax: (614) 644-9494  
District01@ohio.state.oh.us  
www.house.state.oh.us

**Committees**

Chairman- Banking,  
Pensions, and  
Securities  
Ways and Means  
Insurance  
Health

Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-0609

RE: Direct Election of Directors  
File: S7-19-03

December 12, 2003

Dear Secretary Katz,

I want to share with you some of my concerns with the SEC's proposed rule change on how corporate directors are selected. I am very concerned that this change will bring undue influence by large scale investors, such as public pension funds, into the selection process.

Enhanced corporate governance is very import, especially in light of the actions of companies in the past few years, however I am confident that recent changes made in both Federal and State laws have addressed most concerns. I am also greatly concerned that this new rule will preempt many state laws regarding corporate actions and elections. I am concerned that this is just another attempt by the Federal Government to usurp authority that rightfully belongs to the states.

I hope that you will take my concerns and the concerns of the many other state and business leaders that you receive to heart. If you have any questions or if my office can be of any assistance to you please do not hesitate to contact me.

Sincerely,



Chuck Blasdel  
State Representative  
1<sup>st</sup> House District



House of Representatives

Chris R. Widener,  
FAIA

State Representative

84th House District  
Licking and Parts of Clark  
and Greene Counties

Capitol Office

Riffe Center

77 South High Street  
Columbus, Ohio 43215-6111

tel: (603) 282-0253

scaphone: (614) 466-1470

fax: (614) 644-9454

District84@ohr.state.oh.us

www.house.state.oh.us

Committees

Vice-Chair

Civil and Commercial Law

Member

Agriculture & Natural  
Resources

Banking, Pensions &  
Securities

Commerce & Labor

Homeland Security and  
Architectural Design

Public Utilities

December 11, 2003

Mr. Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-0609

Dear Mr. Katz:

As the State Representative for Ohio's 84<sup>th</sup> House District, I write you today in reference to "File S7-19-03" and encourage you to seriously reconsider the Securities and Exchange Commission's "Director Elections" proposal that would permit shareholders to nominate directors in company proxy statements. This concept could have a negative effect on a company's financial well-being.

There are several reasons why I oppose these rules, the major reason being that the proposal the SEC has put forth will not enhance corporate governance. Instead, the proposals could allow special interest groups to take over the process of electing directors. Second, the proposal will impact most, if not all, U.S. public companies, regardless of their corporate governance practices or their responsiveness to shareholders. The unintended consequences of director election legislation will stifle business innovation, decrease productivity and inhibit economic growth. None the less, the effectiveness of board oversight is likely to be jeopardized because the proposal could lead to divisive boards that have difficulty functioning as a team.

Over the past several years corporate governments have already taken steps and made widespread comprehensive changes in corporate governance, therefore lessening the need of SEC's "Director Election" proposal. Directors are increasingly nominated by completely independent nominating committees and director education and evaluation has increased. Additionally, the proposed listing standards will require the majority of the board, as well as the audit, nominating and compensation committees to be made up of independent directors. Boards have been able to increase their communications with their shareholders by meeting more often and holding executive sessions.

In closing, I feel that effective governance lies in the ability of independent boards of directors to exercise their business judgment in corporate matters. Therefore, SEC should refine its director elections proposals to target only companies that are unresponsive to shareholders.

Thank you for your attention to this matter and your reconsideration of the proposal would be greatly appreciated.

Sincerely,

Chris Widener  
State Representative  
84<sup>th</sup> House District

CRW/jlm

GREGORY F. LAVELLE  
STATE REPRESENTATIVE  
Eleventh District



HOUSE OF REPRESENTATIVES  
STATE OF DELAWARE  
LEGISLATIVE HALL  
DOVER, DELAWARE 19901

COMMITTEES  
Transportation, Vice-Chair  
Business/Corporations/Commerce  
Economic Development,  
Banking and Insurance  
Housing & Community Affairs  
Land Use and Infrastructure  
Revenue & Finance

December 11, 2003

Mr. Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-0609

RE: File S7-19-03

Dear Secretary Katz:

I write you today to voice my opposition to a shareholder access rule proposed by the Securities and Exchange Commission (SEC) that will add yet another layer of uncertainty to the operations of U.S. public corporations.

Positive impacts of the Sarbanes-Oxley Act and related SEC rulemaking (for which the SEC should be commended) and the approved corporate governance listing standards of the NYSE and NASDAQ are cementing corporate America's dedication to improving corporate governance. And, while it is recognized that more work lies ahead, we should evaluate how these changes impact corporations' responsiveness to shareholders before mandating more new rules which will detract boards, raise corporate expenses and deter innovation.

Secondly, the breadth of this rule cast too wide a net, sweeping in not only corporate wrongdoers and companies unresponsive to their shareholders, but also companies that have consistently demonstrated responsiveness to their shareholders and a commitment to sound governance. In fact, many, if not all, U.S. public companies would be subject to the proposed rules, should they be enacted.

And thirdly, and perhaps most important, the proposed rule may open create a unintended consequence of creating a loophole whereby special interest groups can commandeer the director election process to the detriment of all shareholders. The involvement of these special interests will bring the worst of our partisan electoral system to the corporate boardroom, lead to acrimonious proxy fights, and produce badly divided boards that will have difficulty functioning as a team.

500 Whitby Drive, Wilmington, DE 19803  
Home: 302-478-6128 Fax: 302-478-4650 House Office: 302-577-8475 E-Mail: Greg.Lavelle@state.de.us

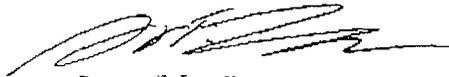
PRINTED ON RECYCLED PAPER

Secretary Jonathan G. Katz  
December 11, 2003  
Page Two

Among all its responsibilities, corporate boards are primarily responsible for the "big picture," especially in terms of oversight and return to shareholders. It will be difficult for a board composed of an uneasy collection of special interest directors to keep its eye on the "big picture" rather than the limited agenda of the specific group or minority interest that elected them.

Therefore, I submit my opposition to this proposed shareholder access rule and hope you'll give more time to existing laws and rules and then determine their impact. Only then should you take up consideration of any changes.

Sincerely,



Gregory F. Lavelle  
State Representative  
11<sup>th</sup> District

MATT DABROWSKI  
ROUTE 417  
ALLEGANY, NY 14706

December 16, 2003

The Salamanca Press  
36 River Street  
Salamanca, NY 14779

Dear Editor:

I am an individual investor, and like many others I've been following the much needed recent efforts to clean up abuses in the government sector. After Enron and WorldCom, anybody with an interest in the stock market should be concerned about whether these corporations are operating fairly and with the public interest in mind.

In October, the U.S. Securities & Exchanges Commission proposed a new set of rules dealing with the election of corporate boards of directors. If adopted, average shareholders will be able place names in nomination on corporate proxy statements. These proposals are called "shareholder access."

Giving the power to certain shareholders to sidestep a corporation's independent nominating committee and nominate their own candidates to boards of directors will be bad for business and bad for other shareholders.

The only people I can see this benefiting would be large special interest groups who have the ability to buy up large blocs of voting stock and take advantage of the new rules. Smaller shareholders, like me, would find themselves at the mercy of these groups appointing their own candidates to boards and taking control of company agendas.

This proposal should be approached with extreme caution. Shareholder access would allow any unqualified candidate to be nominated to a company's board. In my opinion, there have been enough problems created by unqualified business leaders and if the SEC continues to allow that to happen, then they are not helping investors. I agree with new NYSE listing standards requiring independent nominating committees. This type of regulation helps ensure that businesses are being directed by experienced and qualified directors who want to see the company thrive and not follow their own agendas.

The SEC should focus its efforts on the few companies that need better corporate governance, revise their proposal, and do it without putting the rest of us small shareholders and our investments at risk.

Sincerely,  
  
Matt Dabrowski  
Tel. (716) 432-5338

## Securities Commission considering bad ideas

Presumably, the motive behind the Securities and Exchange Commission's new "shareholder access" proposal is to enhance corporate gover-

nance in the aftermath of a series of corporate scandals.

However, even if the SEC has the right intentions, "shareholder access" rules are a bad idea.

The unintended consequences could be ruinous to business and shareholder value. By allowing larger shareholders — including special-interest groups — to nominate directors by proxy, the proposed rules would enable shareholders to bypass processes set in place to ensure that boards of directors are composed of knowledgeable individuals who have the company's best interests in mind.

Over the past couple of years, the NYSE listing standards have been revised to ensure the independence of company boards. Now the majority of the board must be made up of independent directors, and the audit, nominating and compensation committees must also be independent. The logic behind this is that independent leadership is the best way to enhance corporate governance and boost shareholder value.

But if the SEC has its way, "shareholder access" rules will mire business and shareholder interests in a number of problems.

- The director-election process will become much more complicated.

- Special-interest groups could force their agendas on the board.

- Boards could become distracted by in-fighting and proxy fights.

These are just a few of the potential consequences. As a result, business productivity and innovation would be hampered and investors would lose out. While the SEC is considering public comments on the issue, I hope it also considers the consequences of its actions: devaluation of shareholder investments.

**GEORGE RUIZ**  
Carson City

**Matthew Ng**  
**12 Hillcrest View**  
**Hartsdale, NY 10530**  
**(914) 946-9063**

December 16, 2003

Letters to the Editor  
The Journal News  
1 Gannett Drive  
White Plains, NY 10604

Dear Editor:

Like most investors, I keep track of the ups and downs of the business world as well as new ideas and practices that seem to change on a daily basis. For the most part, I consider myself to be a fairly informed investor. However, I have yet to understand what exactly the new SEC proposal of "Shareholder Access" will accomplish except for opening the door to more trouble in an industry that is already reeling from bad practices.

The world of business and industry cannot survive without someone to buy products and services and someone else to invest companies that do this. Now, recent events have called these investments and profits into question. And there is a huge cry for reform. Thankfully, this reform has already begun to take place. The NYSE has implemented regulations to make certain that corporations elect independent boards of directors. But at the same time, the SEC now wants to change and complicate the process used to elect these board members. This proposal can leave a company wide open for special interests taking over.

The way that special interest groups could find their way into a company and onto its board is simply through the new rules. If a group owns enough shares, they could nominate members of the board by proxy. If their nominees are finally elected to the board, they could push an agenda that is contrary to the company's best interest. In simple terms, this spells trouble for shareholders.

The SEC should let the new NYSE corporate governance regulations begin to take hold and show its affect before it starts undermining them with new regulations that are not completely safe from danger.

Very Truly Yours,



Matthew Ng

*Thomas W. Neidl*  
*5353 Rathbun Rd*  
*Cazenovia, NY 13035*  
*(315) 655-2055*

---

December 15, 2003

Editor  
The Syracuse Post Standard  
Clinton Square, P.O. Box 4915  
Syracuse, N.Y. 13221-4915

**VIA FACSIMILE**

To the Editor:

It's difficult when the actions of a few affect the others around them. One timely example are the corporations which recently have shaken the business industry to its core with their corrupt practices. What many do not see or realize is that the majority of corporate officers executives do care about the welfare of their companies and investors

The business community having recently been shaken by last year's events involving scandal and greed, is in need of some help. However, which form this help takes is vital to its own survival and competitiveness. Measures such as the Sarbannes-Oxely Act are helping accomplish this goal. But a recent proposal by the SEC allowing "shareholder access" rules is not the answer. This proposal though it may sound like a good idea, carries with it some unseen pitfalls. Allowing larger shareholders or special interest groups to nominate people for boards of directors by proxy will potentially harm the value of shareholders' investments.

Already corporations and their boards have begun to implement the new corporate governance guidelines. They have begun to have more communication with their shareholders and independent boards are meeting more frequently.

While it is obvious that there is need for reform in the business sector, I do not believe that rushing into such a proposal is the best way to do it. In order to protect the companies who are playing by the rules as well as those who are getting back on their feet, new regulations should not be imposed without complete understanding of what consequences they may have.

Sincerely,



Thomas W. Neidl