

# United States Senate

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The Honorable Mary Jo White  
Chair  
United States Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

Dear Chair White:

I am writing to bring to your attention new information about pay disparity revealed in a report entitled *Fast Food Failure*, which the public policy organization Demos released on April 22, 2014. This report illustrates the significant disparity between CEO and worker pay, particularly in the fast food industry, and highlights the value of additional transparency in this area. As you know, I and twelve other senators wrote a letter in support of the Securities and Exchange Commission's proposed pay ratio disclosure rule on November 26, 2013, and I hope the Commission will move swiftly to finalize it.

The report analyzed recent filings from publicly traded corporations and found large disparities between CEO and average worker pay. In particular, it concluded that the fast food industry is particularly egregious in this regard, with a CEO-to-average worker pay ratio of over 1,000-to-1 in 2013. In addition to the human costs, the report notes evidence to suggest that high levels of pay disparity undermine firm performance due to labor unrest, lower levels of customer satisfaction, and exposure to other costs associated with extreme disparity. The report concludes that corporate shareholders need better information on pay disparity in order to assess the relative risk of competing investment options.

The findings of this report provide new impetus for the SEC to expeditiously finalize the proposed rule requiring publicly traded companies to disclose the ratio between the compensation of their CEO and median worker, as directed by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Currently, investors have access to data on CEO pay, but until the pay-ratio rule is finalized, investors will have only imprecise data to assess the other half of the pay disparity equation, the typical pay of workers in the firms they own. This is information that investors need and have a right to know.

Once again, I commend the SEC under your leadership for proposing a rule to implement the CEO-to-worker pay ratio disclosure requirement and urge the SEC to move forward without delay to finalize the rule.

Sincerely,



ROBERT MENENDEZ  
United States Senator