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November 10, 2010

Securities & Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549
Attention: Ms. Elizabeth M. Murphy, Secretary

Re: Concept Release on the US Proxy System (S7-14-10)
Shareholder Approval of Executive Compensation (S7-31-10)

Ladies and Gentlemen:

As a practicing securities lawyer and a retail investor I would urge the Commission to simplify and not further complicate the current system. The problem is not education or failure to understand importance; it is time and complexity. I am a busy man. In addition to full time practice of law I have three children six and under, am involved in community and charitable activities and every so often get a few minutes to do something else. Importance is a relative concept and working with my older twins on homework and playing with the little one are much more important to me than investment decisions. If I am to use a portion of my limited time to consider and vote proxies the system needs to be simplified.

In general my wife and I either support management or we sell our shares. Therefore we found the prior system of brokers voting shares in favor of director election and otherwise as recommended by the board reflected our position. Since you and latter Congress decided to change that system, a directed voting system that allows for our shares to be automatically voted as the board recommends unless we affirmatively choose to vote otherwise would be a significant improvement. For a number of reasons I favor a simple directed voting system. A three choice system—always vote as recommended by the board, always vote against the board's recommendation or abstain—would be fine with me.

I do not agree that an advance voting system would deprive retail investors of securities law protection. The legal standard remains "An omitted fact is material if there is a substantial likelihood that a reasonable shareholder would consider it important in deciding how to vote.[1]" Whether any particular investor actually relied upon the fact or even if that investor even read the disclosure is irrelevant. No law or regulation can compel an investor to read an SEC filing but it can and does protect the accuracy of those documents for those who do consult them. I am very skeptical of the comments of institutional investors expressing great concern about simple directed voting mechanisms because they would deprive retail investors of legal protection, necessary information or context. The Commission should remember that are two ways to win an election. One is to get your vote out. The other is to discourage or establish roadblocks to complicate voting by those who may not share your view. A vote not cast means one side needs one fewer votes to prevail. Activist shareholders undoubtedly would prefer people like me not vote. In US elections literacy tests and poll taxes, both of which were supposedly justified based upon their contribution to informed voting, have been outlawed. Corporate elections are no different. A voter can vote whatever way he or she chooses for whatever reason or no reason. A shareholder has the right to vote without ever opening the proxy statement. If I and other shareholders want to give advance directions to follow the board's recommendation you should accommodate us. Parens Patriae has no place in this discussion.

[1] TSC Industries Inc v. Northway Inc 426 US 438 (1976)

The ever increasing length of proxy statements is itself a powerful disincentive to vote. The number of items to be voted on discourages participation. Among the steps that the Commission could take to simplify and reduce time requirements I suggest the following:

- A simple directed voting system;
- A significant reduction in the detail required under Item 402. This clearly the wordiest item in Regulation SK, however it is neither a very important disclosure when I make investment decisions nor easy to navigate through. . Among the information I consider irrelevant are:
    - CD&A Item 402 (b) (1) (iii) through (vi)
    - CD&A Item 402 (B) (2) (iv),(v), (x), and (xii) through (xv)
    - Outstanding Equity Awards at Year End
    - Options Exercised and Stock Vested
- Tightening of other sections of Schedule 14A. Among the disclosures I find meaningless are :
    - Date first sent
    - Deadline for shareholder proposals unless differing from Rule 14a (8) (g) or if not set forth in the most recent By-laws filed with the Commission
    - Cost of solicitation
    - Nominees specific expertise etc
    - Transactions with Related Persons below 1% of revenue
    - Section 16 compliance
    - Board Attendance at Annual Meeting
    - Nominating Committee Item 407 (c) (2) (iii) through (ix)
    - Audit Committee Item 407 (d) (3) (1) should be disclosed only as an exception
    - Audit Committee financial expert
    - Compensation Committee Consultants

  These may all be minor items but when taken together they would shorten the document;
- Resist calls to include further disclosure or to expand XBRL. I .have found no use for the current XBRL disclosures, and doubt that additional items would be helpful.
- A significant increase in the resubmission thresholds for shareholder proposals and have the three year or longer ban apply both to the proposal and all other proposals from that proponent; and
- Elimination of the significant social policy proposals. A corporate proxy statement is an inappropriate forum to debate political issues such as global warming, animal rights, political partisanship, human rights, environmental policy or business in specific countries.

Let me give you a personal and timely example of the imbalance between business/financial and compensation disclosure. I am considering an investment in the new General Motors so I looked at the most recent amendment to their registration statement. There are 26 pages on executive compensation, including numerous and meaningless disclosures concerning the pre bankruptcy management. Contrast that with 4 pages from both the Risk Factors and MD&A discussing their unfunded pension obligations that they estimate at between $2.4 and $10 billion depending upon certain choices they may have under the Pension Protection Act. They also disclose that these amounts may vary significantly depending upon investment return and funding interest rate. I appreciate that they gave 1% sensitivities but I would have liked more detail about the intersection of these factors under the two funding choices. Instead I found a table detailing Perquisites and other personal benefits that totaled under $1 million and another covering outstanding equity awards, all of which appear to be out of the money.

I think in the current world proxy advisory firms are needed as they are a resource for many institutions. Their recommendations may well determine the vote on many matters but just as I should have the right to give advance directions to vote as the board recommends institutions should have the right to base their votes upon the recommendation of a proxy advisory firm. I do think they should be required to register as investment advisors and should be liable for material misstatements concerning a company. I have concerns about transparency not only concerning relations between the advisory firm and issuers but also between the advisory firms and institutional investors. I want to know if a high ranking employee of the advisor had a past employment or other relationship with a shareholder proponent. This will be particularly true if the directed voting model allows voting as recommended by a specific advisor. I also have a philosophical issue with institutional investors such as pension and mutual funds voting on social issues. I feel that a portion of the securities held by funds I invest in or am a beneficiary of represent my investment and my money. How can such institutions, with or without consulting proxy advisory firms, know my views on such issues?

I am troubled by the area you labeled Accuracy, Transparency and Efficiency. Without voting integrity in a close vote on a contested issue everything else is meaningless. I admit I do not understand the complex algorithms and derivatives that now drive the market. Similarly a person can "game" the voting system. Obtaining voting rights without an economic interest can be as simple as holding a particular issuer's shares in one account and short selling in another. I am sure there are more sophisticated techniques involving share borrowing and derivatives. Such machinations seem directly at odds with my investment interests. In these "games" there will be winners and losers with retail shareholders inevitably being losers. This is an area where I need help and protection from the Commission.

"Say on Pay" is not a big issue to me. Executive compensation is way out of line both in absolute amount and in the steepness of the pay pyramid. While there is the occasional executive who founded the company or developed a major product, most executives are technocrats. I do not dispute that executives have skills above the average but I do not believe their skills and contributions are worth hundreds of millions of dollars. Similarly I think it is the rare CEO whose contributions are 2, 5, 10 or even 25 times greater then that of the next highest paid executive. Also executive compensation is an ever increasing spiral. When company A increases its compensation companies B, C, and D follow the leader. While that may result in parity among the four CEOs any relationship to increased contribution or results is at best incidental. Say on pay may be useful to call attention to egregious cases but that is all. I had suggested to my representatives in Congress that the answer was tax increases but that fell on deaf ears. Once again I urge you to make it as simple as possible. A single Yes, No or Abstain vote on whether you support the company's overall compensation package would be more than sufficient.

Thank you.

Very truly yours,