October 17, 2010

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: File Number S7-14-10 (Concept Release on the U.S. Proxy System)

Ladies and Gentlemen:

I appreciate this opportunity to comment on proposed reforms to the proxy system. Many thoughtful letters have already been submitted – about the costs associated with the current system, about the use of intermediaries in the proxy voting process, and about the obscurantist quality of the language used by managements in proxy statements themselves, among other things. I support those letters that address these issues with an eye toward reform for the good of average investors.

Indeed, any efforts to reduce the costs of and impediments to proxy solicitation and voting must be seen as welcome, from a public policy point of view. The divide between equity owners and managements has long been noted (and often and appropriately lamented) in the management and legal literature, since the first half of the twentieth century. Trillions of dollars of investor assets are held in the hands of managers who, too often, carry on as though they were the actual owners of public companies, forgetting that they are the servants of shareholders' interests, as are all other employees. Too often, managers view votes on important corporate decisions as a nuisance, rather than as an important part of what is required to form sustainable corporate policies and strategies.

I do not write to say all that needs to be said regarding the current issues in corporate cultures and communication mechanisms that serve to inhibit the flow of information. But, in line with the concept release, here are a few suggestions.

Just as with the various “Plain English” initiatives that the SEC has undertaken over the past two decades or so, there needs to be more “Plain English” communication to investors, in epistolary forms, rather than in formalized SEC filings alone or through formalized SEC-mandated processes alone. More letters mailed directly to investors, in both paper and electronic forms, informing average shareholders of what managements are undertaking or may undertake, would be useful, and would make investors feel as though managements are actually more concerned with the actual owners of companies than with their own interests. These would bring shareholders up to speed regarding managements’ plans so that shareholders would not have to try to digest and understand important proposals only at the times that proxy statements are delivered. Shareholders need to be on-board at take-off if managements want them aboard at landing.

As well, the use of the web for direct communications to shareholders, as well as for direct **dialogue** with shareholders (threaded discussions, "web-chats," etc.), can be implemented easily. If there is reticence for more expansive avenues of communication with investors, one of the most likely reasons is that managements (and IR departments) are not eager to undertake their creation. Not to generalize too much on this point, some companies do better than others regarding communication avenues of these sorts. Yet, much more is needed, and this is especially true in times of crises, such as those that were recently experienced (gut-wrenching times for shareholders of many public companies, who often felt as though they were left in the dark between occasional press releases and Form 8-K filings, with the background din of cable news know-nothings who were long on opinion and short on facts).

It remains too difficult for shareholders' voices to be heard by managements, and there are too few forums for shareholders to utilize in order to communicate **with one another.** The concept release states: "It is our understanding that such forums have not been used extensively. We are interested in receiving views on whether, if further steps are taken to facilitate informed discussion among investors, the level of investor voting participation and informed proxy voting would be likely to increase. In addition, we are interested in receiving views on whether any additional forums for shareholder-to-shareholder communications would be helpful." Of course they would be, and of course voting habits would change for the better. It is shareholders' feelings of disconnect that contribute to the lack of participation that we see in voting and other governance processes. Often, shareholders feel as though they are engaged in a perfunctory exercise, that managements have already made up their minds, and that the language is deliberately written by lawyers to support the outcome that managements are seeking. They are, too often, correct. It is no wonder, then, that shareholders don't participate. They feel powerless or, on the other hand, don't wish to "play along" in a rigged system, serving as rubber stamps.

When average investors face only managements and must rely only on managements for guidance on important corporate matters, they are placed in an information tunnel, isolated from other voices with views that might condition their opinions. This is a very serious deficit in a market-based economy that prides itself on the free flow of information and ready access to knowledge - information and knowledge that are necessary to make informed decisions. Along with expansion of the means and methods of communication, shareholders should be provided the means to learn and to understand as much about their companies as possible. This can be done by, among other things, the posting of short corporate videos that explain the various operating units, internal processes, venues of operation, etc., along with a glossary of terms that covers both generic concepts and industry-specific concepts as well. Again, some companies are better at this than others.

In the internet age, it would not be difficult to create shareholder forums for these purposes - forums that could be monitored by managements, and from which managements would learn about corporate owners. They could be segregated into a number of categories of concern, from business strategy to finance to corporate citizenship. Investors would be allowed to have their say outside of formal proxy processes (which lock the communications and decision-making processes into formal silos of annual and special meetings), and the various opinions of large institutional investors would be posted along with those of small shareholders on corporate bulletin boards, for all to see.

We have many important and useful public companies domiciled here, in the United States. They, along with their smaller counterparts, do the important work of keeping our civilization running. But we have a system of corporate communications that is second-rate, in some ways, when compared to many that are extant in free-market European countries, and this is lamentable, unacceptable, and unnecessary. It needs to be fixed, just as several other areas in corporate governance, including the club-like quality of too many board rooms (even post-Sarbanes-Oxley), need to be fixed.

Sincerely,

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