September 14, 2007

Christopher Cox, Chair
Commissioners
Securities and Exchange Commission
100 F Street, NE
Washington D.C. 20549-1090

File Number: S7-16-07

Dear Commissioner Cox:

On behalf of the Dominican Sisters of Hope, which has been an active socially responsible investor since 1978, I am writing to support the fundamental right of security holders guaranteed us under state corporate law, federally established through the 1934 Securities Exchange Act and implemented through the rules and regulations of the Securities and Exchange Commission. Specifically, and I quote your recent press release: “to appear at the [annual] meeting; to make a proposal; to speak on that proposal at appropriate length; and to have [his] proposal voted on.” (p. 7, SEC, 17 CFR Part 240, Release No. 34-56160; IC-27913; File No. S7-16-07)

By 1978, the Dominican Sisters of Hope had established portfolios of retirement funds, ministry funds and community economic development investments. The Sisters were well on their way toward socially responsible investing when the Order made the decision to become members of the Interfaith Center on Corporate Responsibility through the New York-based coalition of Roman Catholic religious orders. The Dominican Sisters filed their first socially responsible shareholder resolutions in 1979 and, today, almost 30 years later, the program remains active. During the 2006-07 proxy season, the Order filed seven SRI proposals. Several of these were successfully negotiated, e.g. Starwood Hotels, which agreed to establish, implement and evaluate a human rights policy to prevent the trafficking of children for sexual exploitation and AIG, which agreed to join a task force to explore ways to implement “say on pay.” In addition, we participated in some six to eight additional dialogues on issues with serious social, economic and business significance, e.g. impact of HIV/AIDS on the workers and workplace; policies for expanding affordable and low income housing in underserved areas of the U.S.

SUPPORT FOR PRECATORY RESOLUTIONS

Our experience in participating in the SEC process for filing resolutions is that the non-binding shareholder proposal process under Rule 14 a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934 functions smoothly. While regulations have modified and
tightened over the past 30 years—in our opinion, to restrict our rights as investors—shareholders, nonetheless, continue to retain the prerogative to raise questions and concerns in the public forum about the social, environmental, governance and economic impacts of corporations. We believe that the public forum of the annual shareholder meeting is the most suitable and appropriate for investors to raise issues.

We would like to point out that more than 95% of the shareholder resolutions filed in the last 35 years have been “advisory.” Corporations have the right to challenge the subject matter and right of the investor to file the resolution. When they do so, the SEC Division of Corporation Finance has in place attorneys and processes to examine and rule on the logic. Investors, as well as corporations, have argued their cases and often, although not always, investors have been able to demonstrate that an issue—a corporate impact—has grown into a major public concern e.g. waste/destruction of environmental resources, equal employment opportunity disclosure, access and affordability of drugs. The SEC system works and has been set up in a manner that allows for development.

As an institutional investor, the Dominican Sisters of Hope owns shares of some three hundred large, mid and small cap companies. We strive to invest responsibly and to hold management accountable for impact on global justice concerns e.g. Textron on use of depleted uranium to harden missiles; Citigroup and Capital One to set anti-predatory lending policies and report their lending successes; and Monsanto to urge transparency and Board oversight of corporate political contributions. Managements and Boards of Directors have listened, talked with investors and voluntarily changed policies and practices. It was not necessary for the investors to go to legislators or government agencies for regulatory changes.

**SUPPORT FOR CURRENT $2,000 WORTH OF SHARES FOR ONE YEAR**

The Dominican Sisters of Hope support the current regulation that an investor must have owned $2,000 worth of shares for a year. The value of the shares as well as the length of time for the shares to have been held before filing is reasonable. A small increase may be acceptable e.g. $5,000 or $10,000, but if the minimum number of shares to file rises to $100,000 or $250,000, you will have destroyed the right of small investors—of which we are one—guaranteed under state corporate law, to sponsor resolutions.

**SUPPORT FOR CURRENT VOTING THRESHOLD**

The current voting threshold for resubmitting resolutions should remain. A significant number of independent investors must vote in favor of a resolution to attain the present 3% for the first year, 6% for the second and 10% for the third. This requirement was already changed in the recent past. That change has not redressed the imbalance between the numbers of shares held by faith-based institutions, SRI individuals and funds, individuals and other independent investors versus
shares held by insurance companies, banks and other financial/corporate shareholders—typically voting to support management’s recommendations.

REPORTING THE VOTE
The votes are disclosed as a percentage of votes cast. A preliminary vote is often reported at the annual meeting with the final vote appearing in the 10Q. This is satisfactory and should be maintained. The votes should be based only on votes cast. The total number of outstanding securities, some of which may be sitting in reserve, has nothing to do with vote results.

ELECTRONIC FORUM DOES NOT MEET INVESTOR OR MANAGEMENT NEEDS
An electronic forum as an alternative to the current precatory proposal system will exclude many investors. It is not an appropriate vehicle for investor communication with management. It will merely create one more layer between the corporate decision makers and the investors. The current system is far more useful and efficient. Additionally, in order to avoid a preponderance of investors addressing management on the same issues, the faith-based and SRI networks make a strong effort to coordinate and inform one another so that a corporation may respond to all proponents on an issue in one setting. Many corporations and investors over the years have agreed to follow coordinating procedures e.g. ExxonMobil, Monsanto, Bristol-Myers Squibb. Furthermore, NGOs have joined with investors to bring concerns to the table e.g. Dow, Synagro, Starwood Hotels, Citigroup.

The electronic forum is not a proven technology for corporations to interact with investors. It is fine to allow the process as an experiment but the reality is that the Dominican Sisters of Hope and colleagues have researched corporations’ websites and been unable to find policies referred to in letters or in dialogues. As an environmentally concerned investor, we often suggest that corporations issue reports on their websites but give us the link. Furthermore, as this investor has read them, the proposed guidelines stated in the release are complicated, full of exceptions and in light of Congressional attempts to control the Internet, may not comport with future legislation.

PRECATORY PROPOSALS DETERMINED BY STATE AND/OR CORPORATION
The current precatory proposal regulations established by the SEC should remain in force. The federal government has legislated oversight of corporations. The rules and regulations for the system are working properly. To dismantle the regulatory system would serve neither corporations nor investors. It is likely that there will be a series of civil lawsuits to clarify what corporations may be held accountable to report or to take action. The corporations operate in many states. It is not inconceivable that a state legislature or city council would develop its own guidelines e.g. many states have passed or are considering anti-predatory lending rules, emissions standards, universal healthcare objectives.
Currently, SEC attorneys judge arguments for and against inclusion of a proposal in a company’s proxy statement. There is no need to complicate the process by introducing an additional layer, which would in its turn require SEC attorneys make judgments about management responses to investors’ electronic requests. The system works as currently established.

The 14a-8 system for advisory resolutions, established by the SEC, permits implementation of a sound business practice, which is important and central to the U.S. system of corporate governance. To abolish the precatory resolution process and allow corporations or states to determine individual rather than universal mechanisms will disenfranchise investors. Managements and Boards of Directors are operating in a global environment. Knowledgeable, responsible investors, such as those of us in the faith-based and broader SRI community, serve an important and sound advisory business function.

Thank you for your attention.

Yours truly,

Hugh R. Downey
Treasurer