

To: Nancy Morris, Secretary, U.S. Securities and Exchange Commission

From: Mr. Steve Nieman, President, The Ownership Union®

Date: Oct. 1, 2007

Re: Comment on File Number S7-16-07

Dear U.S. Securities and Exchange Commission:

These proposed rules File Number S7-16-07 are a disgrace and present an enormous danger to a healthy and vibrant U.S. economy.

I oppose any action by the Securities and Exchange Commission (SEC) to weaken the rights of Americans to present resolutions for votes by the millions of investors like me who own stock in companies.

We have been involved in the co-sponsorship of shareowner proposals and we conscientiously vote our proxies. We consider the proxy process to be a vitally important tool in communicating with the Board, management and other investors on key issues such as climate change, workforce diversity, executive compensation, human rights in overseas factories and governance reforms.

There is a long history of positive results from shareholder resolutions, demonstrated by companies making specific reforms, changing policies and increasing transparency. Annually, approximately one-quarter to one-third of resolutions are withdrawn because constructive dialogue with companies results in win-win agreements. The rising support votes for shareholder resolutions across a range of environmental, social and governance topics is evidence of the mounting importance of shareholder resolutions to the general investing public.

The SEC asks for comments on the right of a company to "opt-out" of the shareholder resolution process, either by obtaining approval from shareholders through a proxy vote, or, if sanctioned under State law, by having a Board vote authorizing it to opt-out. Either option would have significant negative consequences. The most unresponsive companies would be most likely to opt-out because resolutions are an important mechanism to strengthen corporate accountability. Additionally, the lack of uniform rules that would result from an opt-out option would be a complicating factor for both investors and companies.

The Release asks, "Should the Commission adopt a provision to enable companies to follow an electronic petition model for non-binding shareholder proposals in lieu of 14a-8?" We strongly oppose this proposed change. The current resolution process ensures that management and the Board focus a reasonable amount of attention to the issue at hand as they must determine

their response to the shareholder proposal. In addition, each and every investor receives the proxy and has the opportunity to consider the issue. To substitute a chat room or other form of electronic petition for the current proxy process erodes significantly a valuable fiduciary responsibility. Chat rooms and electronic forums are welcome approaches for enhancing communication with investors, but not at the expense of a shareholder's right to file resolutions.

In its Release, the Commission also asks for comments on increasing the votes required for resubmitting shareholder resolutions to 10% after the first year, 15% after year two, and 20% thereafter, compared to current thresholds of 3%, 6% and 10%, respectively. Raising the thresholds as proposed would make it much more difficult for investors to resubmit proposals for a vote, thus further insulating management from shareholder opinion. Over the last 40 years, many proxy topics initially received very modest levels of support, only to garner increased support over time as shareowner awareness and knowledge increased. Adding more restrictive thresholds on resubmitting resolutions simply makes it harder for investors seeking constructive engagement with companies. Hence, we oppose changes in the resubmission thresholds.

We urge the SEC to uphold the right of investors to sponsor resolutions for a vote at stockholder meetings. The proposals described above are contrary to constructive investor-management relations.

I also believe that the real owners of America's companies should be able to help nominate corporate board members. This is a process that could use more openness and accountability. Investors have a duty to take their ownership role seriously. At the same time, the companies have a responsibility to investors: They should be expected to listen to their shareowners -- rather than working to limit the rights of shareholders to raise important issues, including the selection of corporate directors.

The SEC should focus on putting the interests of investors first. I urge Congress to monitor this situation and get involved to ensure that, above all other things, the SEC is the servant of the American public and its best interests. Do not allow the voice of investors to be silenced!

I would also like to enter in this submission a white paper I helped co-write with Mr. Richard D. Foley that we feel directly applies to my opposition to this proposed rule. Please click on:
<http://www.votepal.com/05whitepaper/0511whitepaper.html/>.

Thank you for your attention to my comments.

Sincerely,

Steve Nieman