October 2, 2007

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

I am writing to comment on the SEC Proposals regarding “Shareholder Proposals Relating to the Election of Directors” File S7-17-07 and Shareholder Proposals S7-16-97.

When Socially Responsible Investors first started filing advisory (non-binding) shareholder resolutions on diversity in the oil industry over a decade ago, 99% of the corporations had no minorities on their board of directors or in senior management positions. At that time it was my belief this was true for many reasons including simply no one cared. We knew that corporations were not going to change on their own and we brought these issues up on the company’s proxy ballot. Corporate America has changed due to the advisory shareholder resolution system. It has made us all aware. For example, advisory shareholder resolutions have been filed with corporations like Bed, Bath and Beyond and Church and Dwight, who now have a minority person and women sitting on their board of directors.

There are still many exclusive corporate “clubs” who resist inclusiveness because they fear it will make their board less cohesive and inferior in their industry. There are still corporations like American Standard and Apple Computer that are still using many of the same excuses we heard 10 and 20 years ago about diversity. The struggle is clearly not over and the financial industry is one of the examples.

Some SEC Commissioners believe advisory shareholder resolutions have no purpose or impact on business issues. But they are ignoring history when corporations where not being challenged by shareholders during the holocaust when they were ignoring shareholder when corporations were doing business in Apartheid South Africa, even today shareholders are trying to impact corporate complicity in Darfur. I am afraid, that if accepted the SEC Proposals were accepted as currently written would help those who believe in to an era “where profits were the only concern;” where corporate behavior and complicity like Apartheid South Africa was acceptable, where civil rights and discrimination went unheard of in the corporate board rooms and board of directors did meet behind closed doors we will stepping backwards.

There is a long history of demonstrated positive results from shareholder resolutions with companies making specific reforms and changing policies. Annually, one quarter to one third of resolutions are withdrawn because of
constructive dialogue with the company resulting in WIN-WIN agreements. The rising support votes of resolutions, across a range of environmental, social and governance topics indicate that a broad spectrum of investors increasingly understand, and take seriously, shareholder resolutions as a communication tool.

The SEC has issued 3 specific proposals which we believe would eliminate or cripple the resolution process.

1. **THE OPT-OUT OPTION**

The SEC asks for comments on the right of a company to “opt-out” of the shareholder resolution process either by seeking a vote of the shareholders to give them that authority OR, if empowered under State law, to have the Board vote to opt-out of receiving advisory resolutions. Either option would have disastrous consequences. The most unresponsive companies, those with poor records of investor communications, would be most likely to opt-out and isolate themselves further. Advisory resolutions act as one important means of holding unresponsive companies accountable.

Consider a company with a poor governance record or with a history of controversy with investors, one which had received a number of resolutions in the past which received strong votes. The company would be free to “opt-out,” thus disenfranchising its shareowners by removing a right they had been successfully utilizing. Allowing companies to opt-out would also result in an uneven playing field with some companies allowing resolutions and others prohibiting them.

2. **THE ELECTRONIC PETITION MODEL OR “CHAT ROOM”**

The release also 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?” This question builds on the SEC Roundtable discussion of “electronic chat rooms.”

We strongly oppose this proposed change. The resolution process presently assures that management and the Board focus on the issue in question, as they must determine their response to the proposal. In addition, each and every investor receives the proxy and has the opportunity to study the issue. To substitute a chat
room or electronic petitions for the valuable fiduciary duty allowed by the current proxy process is irresponsible.

This proposal ignores the ongoing importance of the shareholder resolution process and attempts to create an untested option to substitute for an approach that has already proved successful. The proposal is fraught with difficulties and unanswered questions.

Chat rooms and electronic forums could be additional tools of communication, combined with the existing right to file a resolution through the proxy process. We cannot support a substitution of one for the other.

3. RESUBMISSION THRESHOLDS

In its release, the Commission also asks for comments on the resubmission thresholds for shareholder resolutions which presently stand at 3%, 6% and 10% vote levels for resubmitting resolutions. The SEC asks if a new threshold should be raised to a 10%, 15% and 20% level. Raising the resubmitting threshold makes it harder for investors to present proposals for a vote, thus further insulating company management from a reasonable tool of accountability. Over the last 40 years, many issues that now receive significant shareholder support started with proposals that received very modest levels of support. Adding higher restrictive thresholds on resubmitting resolutions makes it more difficult for investors seeking to engage companies on significant issues. We oppose changes in the resubmission thresholds.

In 2007, there have been fewer than 1,400 resolutions, and since a number of companies received multiple resolutions, in actuality fewer than 1,000 companies receive resolutions. This is less than 20% of the market. The market is hardly “burdened” by the resolution process.

We urge the SEC to uphold the right of investors to sponsor resolutions for action at stockholder meetings. These proposals are contrary to those interests.

Gary Brouse