



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

February 14, 2019

Brandon N. Egren
Verizon Communications Inc.
brandon.egren@verizon.com

Re: Verizon Communications Inc.
Incoming letter dated December 12, 2018

Dear Mr. Egren:

This letter is in response to your correspondence dated December 12, 2018, December 26, 2018 and January 11, 2019 concerning the shareholder proposal (the "Proposal") submitted to Verizon Communications Inc. (the "Company") by William Gee et al. (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence on the Proponents' behalf dated December 21, 2018, January 3, 2019 and January 18, 2019. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates
Special Counsel

Enclosure

cc: Jonas Kron
Trillium Asset Management, LLC
jkron@trilliuminvest.com

February 14, 2019

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Verizon Communications Inc.
Incoming letter dated December 12, 2018

The Proposal requests that the Human Resources Committee of the Board of Directors publish a report assessing the feasibility of integrating cyber security and data privacy performance measures into the Company's executive compensation program which it describes in its annual proxy materials.

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(7). We note that the Proposal transcends ordinary business because it focuses on the performance measures used by the Human Resources Committee to determine the value of the compensation awards of the named executive officers as disclosed in the Company's proxy materials. Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Michael Killoy
Attorney-Adviser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.



January 18, 2019

VIA e-mail: shareholderproposals@sec.gov

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Verizon Communications Inc. 2019 Annual Meeting Shareholder Proposal of The Park Foundation, William Gee, and the Trillium P21 Global Fund

Dear Sir/Madam:

This letter is submitted on behalf of The Park Foundation, William Gee, and the Trillium P21 Global Fund by Trillium Asset Management, LLC, as their designated representative in this matter, who are the beneficial owners of shares of common stock of Verizon Communications Inc., to respond to the letter dated January 11, 2019 sent to the Office of Chief Counsel by the Company, in which Verizon reiterates its contention that the Proposal may be excluded from the Company's 2019 proxy statement under Rule 14a-8(i)(7).

Verizon's letter of January 11, 2019 demonstrates a fundamental misreading of rule 14a-8(i)(7) as the Company focuses on all the wrong questions. As we discussed in our letter of December 21, 2019, the consistent analytical through-line from the Commission's Release No. 34-40018 (May 21, 1998) all the way through Staff Legal Bulletin 14J in 2018 is the question whether the proposal focuses on a significant policy issue confronting the company.¹ Despite Verizon's best efforts to parry the plain truth by drawing inconsequential distinctions between widespread public *debate* and widespread public *concern* or diminishing the proposals focus on privacy and cybersecurity by characterizing the Proposal as merely *touching* upon those issues, it is

¹ For example, in *BB&T Corporation* (January 17, 2017), the proposal requested that the compensation committee take into consideration the pay grades and/or salary ranges of all classifications of company employees when setting target amounts for CEO compensation. The Staff concluded that the proposal, which explicitly touched on employee pay, was permissible under rule 14a-8(i)(7) as it transcended the day-to-day affairs of the company.

abundantly obvious to anyone reading the Proposal that (1) it focuses on privacy and cybersecurity and (2) privacy and cybersecurity is a significant policy issue confronting Verizon.

The text of the Proposal is dominated by a discussion of privacy and cybersecurity. While ultimately, the Proposal provides a suggestion that the Human Resources Committee of the Board address the issue via executive compensation, everything from the title through the discussion is devoted to exploring how privacy and cybersecurity needs to be addressed. The Proposal discusses controversies from 2016, 2017, and 2018 thereby demonstrating the long-lived nature of the concerns. It also discusses regulatory and legislative concerns. All of which builds on the evidence that was provided in a January 24, 2017 letter for an earlier version of the Proposal that discussed the challenges facing the Company and public interest dating back to 2013.²

So it should not be any surprise that on the same day that Verizon provided its third letter explaining why investors should not have the ability to consider this Proposal in the proxy, the Wall Street Journal reported³ that Verizon, confronting privacy concerns, “plans to end its remaining agreements with four roadside-assistance companies by the end of March.” The relationships with these controversial location-data brokers and their impact on user privacy have attracted the attention of a U.S. senator:

In an interview Friday, Sen. Wyden said the recent reports show the need for a new federal privacy law to head off “a national security and personal-safety nightmare.” He said the carriers have pledged to improve their practices before and fallen short of their promises.

“I’ll believe it when I see it,” he said. “I got the promises again yesterday, but I got the promises in 2018. I don’t want to be back in 2020 listening to the same wash, rinse and repeat.”

Clearly, these are issues that require *ongoing* attention from investors. Therefore it should also be expected that investors would demonstrate deep interests in these matters in a number of venues. For example, in July 2018, 53 institutional investors representing more than \$12 trillion in assets announced⁴ that they are collectively engaging with global companies, including communications companies, through the Principles for Responsible Investment on matters of cybersecurity governance:

² <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2017/trilliumpark021617-14a8.pdf>

³ <https://www.wsj.com/articles/t-mobile-at-t-pledge-to-stop-location-sharing-by-end-of-march-11547235438>

⁴ <https://www.unpri.org/news-and-press/pri-steps-up-engagement-on-cyber-security-/3469.article>

From an investor's perspective, the business case to engage with companies on this topic is clear-cut. There are many forms of cyber security threats (see right) and related incidents can cripple business operations, materialise into legal and regulatory risks and have adverse impacts on portfolio company valuation and earnings.

Similarly, Akin Gump Strauss Hauer & Feld LLP, recently published its list of *Top 10 Topics for Directors* in 2019. The list included cybersecurity and privacy:

With threats of nation-states infiltrating supply chains, and landmark laws being passed, cybersecurity and privacy are critical aspects of director oversight. Directors must focus on internal controls to guard against cyber-threats (including accounting, cybersecurity and insider trading) and expand diligence of third-party suppliers. Integrating both privacy and security by design will be critical to minimizing ongoing risk of cybersecurity breaches and state and federal enforcement.⁵

It is also useful to keep in mind that Yahoo, prior to Verizon's acquisition, imposed compensation consequences on its CEO for a 2014 cybersecurity breach.⁶ Investors and the public at large readily understand the link between executive compensation and cybersecurity. It is of importance in numerous ways for Verizon as it seeks to put Yahoo's history behind it and address current controversies surrounding its approach to privacy and cybersecurity.

As the SEC made clear in Commission's Release No. 34-40018 (May 21, 1998), shareholder proposals must be written such that it is *practical* for investors to opine on the matter.⁷ To suggest that investors lack the practical ability to weigh in on executive compensation as described in the Proposal, cybersecurity, and privacy at Verizon is to stretch credibility and runs the risk of unmooring rule 14a-8 from the realities of investor/board relations in the 21st Century.

For these reasons and those provided in our letters of December 21, 2018 and January 4, 2019 as well as our letters with respect to previous Verizon no-action requests we ask the Staff inform the Company that Rule 14a-8 requires a denial of the Company's no-action request.

⁵ <https://www.akingump.com/images/content/1/0/v4/100176/Top10-Directors-Digital-121818-5.pdf>

⁶ <https://www.npr.org/sections/thetwo-way/2017/03/02/518089196/yahoo-ceo-marissa-mayer-loses-bonus-and-stock-award-over-security-breach>

⁷ "The general underlying policy of this exclusion is consistent with the policy of most state corporate laws: to confine the resolution of ordinary business problems to management and the board of directors, since it is **impracticable** for shareholders to decide how to solve such problems at an annual shareholders meeting.... Certain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a **practical** matter, be subject to direct shareholder oversight." (emphasis added)

Please contact me at (503) 592-0864 or jkron@trilliuminvest.com with any questions in connection with this matter, or if the Staff wishes any further information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jonas D. Kron', with a long horizontal flourish extending to the right.

Jonas D. Kron
Senior Vice President

cc: Brandon Egren at brandon.egren@verizon.com
Staff Counsel
Verizon Communications Inc.



Brandon N. Egren
Staff Counsel

One Verizon Way
Mail Code VC54S
Basking Ridge, NJ 07920
Office: 908-559-2726
Fax: 908-766-5725
brandon.egren@verizon.com

January 11, 2019

By email to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Verizon Communications Inc. 2019 Annual Meeting
Shareholder Proposal of William Gee, Park Foundation, and
Trillium P21 Global Equity Fund

Ladies and Gentlemen:

I refer to (i) my letter dated December 12, 2018 (the "December 12 Letter"), on behalf of Verizon Communications Inc. ("Verizon"), pursuant to which Verizon requested that the Staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission") concur with Verizon's view that the shareholder proposal and supporting statement (the "Proposal") submitted by Trillium Asset Management ("Trillium") on behalf of William Gee, Park Foundation, and Trillium P21 Global Equity Fund (collectively, the "Proponents") may be properly omitted from the proxy materials to be distributed by Verizon in connection with its 2019 annual meeting of shareholders (the "2019 proxy materials") pursuant to Rule 14a-8(i)(7), and (ii) my supplemental letter dated December 26, 2018 (the "December 26 Letter," and collectively with the December 12 Letter, the "No Action Request"). Verizon received a copy of the letter to the Staff dated January 3, 2019, submitted by Trillium in response to the December 26 Letter (the "Second Trillium Letter").

This letter is in response to the Second Trillium Letter and supplements the No Action Request. In accordance with Rule 14a-8(j), a copy of this letter is being sent concurrently to the Proponents' representative. Capitalized terms used but not defined in this letter have the meanings given to them in the No Action Request.

I. The Second Trillium Letter incorrectly implies that the scope of the Proposal is consistent with the scope of Verizon's annual say-on-pay vote.

The Second Trillium Letter states:

With respect to the appropriate scope of the Proposal on compensation, every year Verizon shareholders vote on the senior executive compensation plan as described in the Company

proxy materials. In 2018, pages 34 and 35 of the proxy described the Verizon Short-Term Incentive Plan and sought investor support for that plan.

That is simply an incorrect characterization of the scope of the say-on-pay vote as it relates to the Short-Term Plan. The text of the resolution that was the subject of the say-on-pay vote in 2018 is as follows, with emphasis added:

Resolved, that the shareholders approve, on an advisory basis, *the compensation of the named executive officers*, as disclosed in Verizon's proxy statement for the 2018 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Compensation Tables and the related narrative discussion.

As the text of the resolution clearly demonstrates, the say-on-pay vote does not approve the Short-Term Plan as a whole, as Trillium incorrectly implies. Rather, the vote applies to "the compensation of the named executive officers." The named executive officers are a very small minority of the participants in the Short-Term Incentive Plan, representing less than 3% of the participants.

The Second Trillium Letter further states:

The adjustments from the 2018 Proposal, which are reflected in the 2019 Proposal, are specifically designed to take into account the guidance provided by SLB 14J and are intended to avoid the concerns expressed by the Staff in SLB 14J. Our goal is to make it abundantly clear that the Proposal speaks to the scope of senior executive compensation that Verizon investors would be considering already and is therefore appropriate.

If the intent behind the changes made to the Proposal as compared to the 2018 Senior Executive Proposal was in fact to make the Proposal consistent with the guidance expressed in SLB 14J, Trillium clearly failed in its objective to do so. SLB 14J reiterated the Staff's previously expressed view that "proposals that relate to general employee compensation and benefits are excludable under Rule 14a-8(i)(7). On the other hand, proposals that focus on significant aspects of senior executive and/or director compensation generally are not excludable under Rule 14a-8(i)(7)." The 2018 Senior Executive Proposal expressly addressed the compensation of senior executives. The Proposal does not refer to the compensation of senior executives, but rather addresses the compensation of a broader group of employees. Trillium's intentions in drafting the Proposal have no bearing on the fact that the Proposal is not limited to senior executive compensation and therefore may be excluded consistent with SLB 14J, as well as the views previously expressed by the Staff in prior legal bulletins and no-action letters.

II. Trillium's argument that the No Action Request should be denied because it does not include a board analysis is without merit.

Trillium attempts to take Verizon to task for not providing a board analysis, but this challenge to the No Action Request is without merit because a board analysis is not required by the Commission's rules or by the Staff's guidance and would not serve any useful purpose in the Staff's evaluation of the Proposal. The purpose of a board analysis is to assist the Staff in understanding the significance of a particular policy issue to a company. Verizon's position is that

the Proposal does not raise a significant policy issue because it relates to general employee compensation. To the extent that the Proposal touches on cybersecurity and data privacy, the Staff has consistently held that data privacy, in particular, relates to the ordinary business operations of companies across many industries, including Verizon. Within the analytical framework for the ordinary business exclusion, if a proposal does not raise a significant social policy issue, there is no need to examine whether the issue is sufficiently significant to the company to warrant a shareholder vote.

A. A board analysis is not required.

Rule 14a-8 does not contain a requirement to include a board analysis. While the Staff in Staff Legal Bulletin No. 14I (November 1, 2017) (“SLB 14I”) invited companies to provide a board analysis in no-action requests under Rule 14a-8(i)(7), it clearly stated in SLB 14J that “submission of a board analysis is voluntary and the inclusion or absence of an analysis will not be dispositive in the staff’s evaluation of a company’s request.”

B. Verizon’s position does not turn on whether cybersecurity and data privacy are significant to Verizon.

SLB 14I and SLB 14J make clear that the purpose of a board analysis is to assist the Staff in understanding not whether a particular matter constitutes a significant social policy issue, which remains a matter for the Staff to determine, but rather, “whether the particular policy issue raised by the proposal . . . is sufficiently significant in relation to the company.” SLB 14J.¹ It is abundantly clear that cybersecurity and data privacy are significant issues for Verizon, and Verizon does not believe it is necessary or useful to ask its board to consider such an obvious question. Moreover, a board analysis of the significance of cybersecurity and data privacy to Verizon’s operations is not relevant, since the Staff has never found these to be significant social policy issues.

C. The Staff has not expressly reversed its well established position that data privacy is an ordinary business matter.

While there is no question that the public is keenly interested in cybersecurity and data privacy, the Staff has made clear that a significant social policy issue must be not only a topic of interest, but also a “consistent topic of widespread public *debate*” (emphasis added). 1998 Release; *see also AT&T Inc.* (February 2, 2011) (concurring in the exclusion of a network neutrality proposal and noting that “although net neutrality appear[ed] to be an important business matter for AT&T and the topic of net neutrality [had] recently attracted increasing levels of public attention, the Staff did not at that time “believe that net neutrality [had] emerged as a consistent topic of widespread public debate such that it would be a significant policy issue for purposes of rule 14a-8(i)(7)”). When the Staff reversed its position on net neutrality in *Verizon Communications Inc.* (February 13, 2012), it emphasized “the sustained public *debate* over the last several years concerning net neutrality and the Internet” (emphasis added). Unlike net neutrality and other significant social policy issues such as climate change, the humane treatment of animals, and senior executive compensation, cybersecurity and data privacy are not “consistent topic[s] of

¹ In setting the context for the board analysis in SLB 14I, the Staff stated: “Whether the significant policy exception applies depends, in part, on the *connection* between the significant policy issue and the company’s business operations” (emphasis added).

widespread public debate.” Cybersecurity is an operational and technical issue: how to prevent infiltration of networks by malicious actors, or the compromise of confidential data or sensitive information. Data privacy is a compliance issue subject to an extensive regulatory and compliance regime. This sets data privacy apart from significant social policy issues, including those of diversity and carbon intensity that are incorporated into the Short-Term Plan, and emphasizes that it is not a consistent topic of widespread public debate, but rather, something that is more or less universally viewed as important.

Trillium argues that the Staff’s response in *Verizon 2018* should be dispositive in the evaluation of the Proposal. However, for the reasons described in detail in the December 26 Letter, the Proposal is materially different from the 2018 Senior Executive Proposal because it addresses general compensation as opposed to the significant social policy issue of senior executive compensation. When the Staff issued its response in *Verizon 2018*, it provided very little guidance on the basis for the response. While the Staff noted the absence of a board analysis, it did not provide any guidance as to what matters such a board analysis would have had to address, or which aspect of the analytical framework the board analysis would have informed. The Staff did not state a view about whether cybersecurity or data privacy constitutes a significant social policy issue. The Staff also did not make any statements reversing its longstanding views that procedures for protecting customer information and compliance with legal and regulatory requirements, which are at the core of data privacy, are ordinary business matters. Since the reference to the significant social policy issue of senior executive compensation was arguably material to the Staff’s consideration of the 2018 Senior Executive Proposal and its evaluation of the significance of such a senior executive compensation proposal to Verizon, Verizon does not believe it should be dispositive in the Staff’s evaluation of the Proposal.

Conclusion

For the reasons stated above and in the No Action Request, Verizon respectfully requests the concurrence of the Staff that it will not recommend enforcement action against Verizon if Verizon omits the Proposal in its entirety from its 2019 proxy materials.

Verizon requests that the Staff send a copy of its determination of this matter by email to the undersigned at brandon.egren@verizon.com and to the Proponents’ representative at jkron@trilliuminvest.com.

If you have any questions with respect to this matter, please telephone me at (908) 559-2726.

Very truly yours,



Brandon N. Egren
Staff Counsel

Cc: Jonas Kron, Trillium Asset Management LLC



January 3, 2019

VIA e-mail: shareholderproposals@sec.gov

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Verizon Communications Inc. 2019 Annual Meeting Shareholder Proposal of The Park Foundation, William Gee, and the Trillium P21 Global Fund

Dear Sir/Madam:

This letter is submitted on behalf of The Park Foundation, William Gee, and the Trillium P21 Global Fund by Trillium Asset Management, LLC, as their designated representative in this matter, who are the beneficial owners of shares of common stock of Verizon Communications Inc., to respond to the letter dated December 26, 2018 sent to the Office of Chief Counsel by Verizon, in which the Company reiterates its contention that the Proposal may be excluded from the Company's 2019 proxy statement under Rule 14a-8(i)(7).

Once again, the Company has made the important and noteworthy decision to not to provide the Verizon board's views on this matter. As in 2018, this is a fatal flaw in the Company's argument as it continues to leave the Staff without a description of the board's analysis of the substantive factors that would lead them to conclude that the matter is not significant for the Company. The absence of this analysis revealing - if Verizon's leadership genuinely thought that the Proposal was not a significant matter that transcended the day-to-day business of the Company, it would have provided reasoning and analysis from the board to make that point clear. Instead, the Company continues to not avail itself of the guidance provided in SLB 14I and SLB 14J, as well as the March 7, 2018 letter from the Staff concluding that the proposal was not excludable. Assertions like those made in the Company letters of December 12th and 26th are simply insufficient to support a no-action letter.

With respect to the appropriate scope of the Proposal on compensation, every year Verizon shareholders vote on the senior executive compensation plan as described in the Company proxy materials. In 2018, pages 34 and 35 of the proxy described the Verizon Short-Term Incentive Plan and sought investor support for that plan. The Verizon Short-Term Incentive Plan, which investors evaluate and assess the merits of, is the very definition of something that is appropriate for shareholder consideration.

The adjustments from the 2018 Proposal, which are reflected in the 2019 Proposal, are specifically designed to take into account the guidance provided by SLB 14J and are intended to avoid the concerns expressed by the Staff in SLB 14J. Our goal is to make it abundantly clear that the Proposal speaks to the scope of senior executive compensation that Verizon investors would be considering already and is therefore appropriate.

Again, the fundamental points of consideration are these: 1) the Proposal focuses on a significant policy issue confronting Verizon and 2) it does so within the context of the Verizon Short-Term Incentive Plan, a compensation plan that investors have already been deemed able to vote on and which already includes two other significant policy issues (climate change and diversity).

We respectfully request the Staff inform the Company that Rule 14a-8 requires a denial of the Company's no-action request. Please contact me at (503) 592-0864 or jkron@trilliuminvest.com with any questions in connection with this matter, or if the Staff wishes any further information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jonas D. Kron', with a long horizontal flourish extending to the right.

Jonas D. Kron
Senior Vice President

cc: Brandon Egren at brandon.egren@verizon.com
Staff Counsel
Verizon Communications Inc.



Brandon N. Egren
Staff Counsel

One Verizon Way
Mail Code VC54S
Basking Ridge, NJ 07920
Office: 908-559-2726
Fax: 908-766-5725
brandon.egren@verizon.com

December 26, 2018

By email to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Verizon Communications Inc. 2019 Annual Meeting
Shareholder Proposal of William Gee, Park Foundation, and
Trillium P21 Global Equity Fund

Ladies and Gentlemen:

I refer to my letter dated December 12, 2018, on behalf of Verizon Communications Inc. (“Verizon”), pursuant to which Verizon requested that the Staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission concur with Verizon’s view that the shareholder proposal and supporting statement (the “Proposal”) submitted by Trillium Asset Management (“Trillium”) on behalf of William Gee, Park Foundation, and Trillium P21 Global Equity Fund (collectively, the “Proponents”) may be properly omitted from the proxy materials to be distributed by Verizon in connection with its 2019 annual meeting of shareholders (the “2019 proxy materials”) pursuant to Rule 14a-8(i)(7) (the “No Action Request”). Verizon received a copy of the letter to the Staff dated December 21, 2018, submitted by Trillium in response to the No Action Request (the “Trillium Letter”).

This letter is in response to the Trillium Letter and supplements the No Action Request. In accordance with Rule 14a-8(j), a copy of this letter is being sent concurrently to the Proponents’ representative.

- I. The Proposal is materially different from the proposal cited in the Trillium Letter that was included in Verizon’s 2018 proxy materials and was limited to senior executive compensation, because the Proposal extends to the compensation of employees who are not senior executives, and therefore may be excluded.**

As described in the Trillium Letter, Verizon’s 2018 proxy materials included a proposal requesting the publication of a report “assessing the feasibility of integrating cyber security and data privacy metrics into the *performance measures of senior executives under the company’s compensation incentive plans*” (emphasis added) (the “2018 Senior Executive Proposal”).¹

¹ The 2018 Senior Executive Proposal received only 11.57% of the vote at Verizon’s 2018 annual meeting.

Verizon acknowledges that the Staff denied exclusion of the 2018 Senior Executive Proposal but respectfully submits that the Proposal is materially different from the 2018 Senior Executive Proposal. Verizon believes that the Proposal's implication of the compensation of employees who are not senior executives constitutes a fatal flaw that renders the Proposal excludable pursuant to Rule 14a-8(i)(7). Verizon further believes that the Proposal's implication of the other well established ordinary business matters of procedures for protecting customer information and compliance with legal and regulatory requirements, and the absence from the Proposal of even a reference to Verizon's senior executive compensation or any other matter the Staff has recognized as a significant social policy issue, renders the Proposal excludable on its face, without the need for a board analysis.

Verizon strongly disagrees with Trillium's assertion on p. 3 of the Trillium Letter that the Proposal "is more explicit [than the 2018 Senior Executive Proposal] in its focus on the senior executives by making specific reference to the Company's discussion of executive compensation in the Company proxy materials." Not only did the 2018 Senior Executive Proposal use the term "senior executive" three times, but its scope was also limited on its face to "the performance measures of senior executives." In stark contrast, the Proposal does not mention senior executive compensation, nor does it implicate any aspects of compensation that are available or apply only to senior executives and/or directors. As described in detail in the No Action Request, Verizon's discussion of executive compensation in its proxy materials includes the compensation of executives who are not senior executives according the analytical framework applied by the Staff.

Trillium does not dispute that the Proposal implicates the compensation of all of the nearly 300 employees with the title of vice president and above who are eligible to participate in Verizon's Short-Term Incentive Plan (the "Short-Term Plan"), and by extension, the nearly 80,000 employees who as a practical matter receive a short-term incentive bonus based on the same performance metrics as those established under the Short-Term Plan. On the contrary, Trillium reinforces this point on p. 4 of the Trillium Letter when it says that "cyber-security and data privacy could be deemed appropriate metrics to include in the Short-Term Incentive Plan." Moreover, Trillium does not dispute that the vast majority of the executives whose compensation is implicated by the Proposal do not perform significant policy-making functions for Verizon. As described in detail in the No Action Request, and in accordance with the Staff's guidance and prior no-action letters, the compensation of this broad group of employees is not appropriately subject to direct shareholder oversight.

Verizon supported its position in the No Action Request with numerous citations to relevant Staff letters. The Trillium Letter unsuccessfully attempts to challenge these references as "inapposite" by stating they "were entirely focused on what can be called pure executive compensation matters such as financial performance, stock options, claw backs, etc. [and] [n]one of them involved questions of a significant policy issue and whether there was a widespread public debate over the subject matter such that the proposal's focus transcended the ordinary business of the company." However, the distinction drawn by Trillium is immaterial here, since the Staff has treated senior executive compensation as a significant social policy issue since 1992. Staff Legal Bulletin No. 14A (July 12, 2002) (also noting that public debate regarding shareholder approval of equity compensation plans had become significant and widespread in the preceding months). The principle illustrated by the letters Verizon cited in the

No Action Request is that a proposal that relates to the compensation of employees who are not senior executives may generally be excluded, even if it also touches upon the significant social policy issue of senior executive compensation. The Proposal, like the proposals at issue in the precedents that Verizon cited in the No Action Request, cannot be characterized as focusing on the significant social policy issue of senior executive compensation, because it extends to compensation that may be paid to employees more broadly, and it also does not mention any other matter that the Staff considers a significant social policy issue, as will be described in greater detail in Section II below. It is for that reason that it may be excluded.

More broadly, even if only a portion of a proposal relates to ordinary business operations, the Staff has permitted exclusion of the entire proposal under Rule 14a-8(i)(7). For example, in *Verizon Communications Inc.* (February 16, 2017), the Staff permitted exclusion of a proposal relating to privacy, free expression and data security notwithstanding the fact that, in addition to ordinary business matters, it arguably implicated the significant social policy issue of free expression. See also *CA, Inc.* (May 3, 2012) (concurring in the exclusion of a proposal that addressed the issue of auditor independence, but also requested information about the company's policies and practices around the selection of the audit firm and management of the engagement, noting that these additional matters are "generally excludable under rule 14a-8(i)(7)"); *CVS Corporation* (February 1, 2000) (allowing exclusion of a proposal requesting a strategic report where some of the requested topics were ordinary business matters); *General Electric Company* (February 10, 2000) (permitting exclusion where "a portion of the proposal relates to ordinary business operations"); and *Kmart Corporation* (March 12, 1999) (concurring in the exclusion of a proposal requesting a report on the company's actions to ensure it does not purchase from suppliers who manufacture items using forced labor, convict labor, child labor or who fail to comply with laws protecting employees' rights and describing other matters to be included in the report, and specifically noting that "although the proposal appears to address matters outside the scope of ordinary business, paragraph 3 of the description of matters to be included in the report relates to ordinary business operations").

It is difficult to understand the logic behind Trillium's position that the changes it made to the Proposal as compared to the 2018 Senior Executive Proposal should essentially be viewed as meaningless. While Trillium contends that the Proposal and the 2018 Senior Executive Proposal "are virtually identical to each other," Verizon believes that the clear difference in scope between the Proposal and the 2018 Senior Executive Proposal is material, that the Proposal is distinguishable from the 2018 Senior Executive Proposal, and that the Proposal may be excluded for this reason.

II. The Proposal does not focus on any significant social policy issues that transcend Verizon's ordinary business matters.

Trillium contends that cybersecurity and data privacy are significant social policy issues that transcend Verizon's ordinary business. However, Trillium does not cite any prior Staff letters that support its position, and the Staff has not indicated that it considers cybersecurity or data privacy to be a significant social policy issue. The Trillium Letter makes reference only to two prior Staff letters, *ConocoPhillips* (February 13, 2015), and *Verizon Communications Inc.* (March 7, 2018) ("*Verizon 2018*"), and neither of these letters supports the proposition that either cybersecurity or data privacy constitutes a significant social policy issue that transcends

Verizon's ordinary business. Trillium cites *ConocoPhillips* to support the principle that "it is permissible to focus a shareholder proposal on executive compensation metrics and how the company can link those metrics to a significant social policy issue," but the scope of the proposal in *ConocoPhillips* was limited on its face to the calculation of a compensation metric as it would apply to senior executives, and the Staff noted in its response that the proposal "focuse[d] on the significant policy issue of senior executive compensation," so it is unclear why Trillium believes *ConocoPhillips* provides support for linking non-senior executive compensation to a particular matter, as the Proposal seeks to do, particularly in light of the extensive precedent Verizon has cited to illustrate that non-senior executive compensation is an ordinary business matter that is not appropriately subject to direct shareholder oversight. Furthermore, the Staff did not, as Trillium asserts on p. 6 of the Trillium Letter, "conclude" in *Verizon 2018* that the 2018 Senior Executive Proposal "focuse[d] on an issue that transcends the Company's ordinary business in a manner that does not seek to micromanage the Company." Rather, the Staff stated that it was unable to concur with exclusion of the 2018 Senior Executive Proposal and noted that it did "not have the benefit of the board's views on these matters." The Staff did not state a view about whether cybersecurity or data privacy constitutes a significant social policy issue. Typically, when the Staff takes a new position on a policy issue, it does so in a clear and unambiguous manner, as it did when it reversed its position on net neutrality in *Verizon Communications Inc.* (February 13, 2012), or when it reversed its position on CEO succession planning in Staff Legal Bulletin No. 14E (October 27, 2009).

Verizon does not believe that either cybersecurity or data privacy constitutes a significant social policy issue that transcends Verizon's ordinary business under the current analytical framework. In this regard, Verizon notes that there is extensive precedent to support the principle that the implementation of procedures for protecting customer information, which is at the core of both cybersecurity and data privacy, constitutes a matter of ordinary business. See *Verizon Communications Inc.* (February 16, 2017); *AT&T Inc.* (February 5, 2016); *Comcast Corporation* (March 4, 2009); *AT&T Inc.* (January 26, 2009); *AT&T Inc.* (February 7, 2008); and *Verizon Communications Inc.* (February 22, 2007). Moreover, for Verizon, protecting its networks from cyberattacks and other infiltrations that could disrupt or shut down the operation of the networks clearly does not transcend its ordinary business; rather, it is part and parcel of its ordinary business.

In addition to implicating procedures for protecting customer information, cybersecurity and data privacy also implicate Verizon's compliance with legal and regulatory requirements relating to privacy and data security, and the Staff has long identified a company's compliance with laws and regulations as a matter of ordinary business. See *Navient Corporation* (March 26, 2015); *FedEx Corporation* (July 14, 2009); *Verizon Communications Inc.* (January 7, 2008); *The AES Corporation* (January 9, 2007); and *H&R Block, Inc.* (August 1, 2006).

Conclusion

For the reasons stated above and in the No Action Request, Verizon respectfully requests the concurrence of the Staff that it will not recommend enforcement action against Verizon if Verizon omits the Proposal in its entirety from its 2019 proxy materials.

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
December 26, 2018
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Verizon requests that the Staff send a copy of its determination of this matter by email to the undersigned at brandon.egren@verizon.com and to the Proponents' representative at jkron@trilliuminvest.com.

If you have any questions with respect to this matter, please telephone me at (908) 559-2726.

Very truly yours,

A handwritten signature in cursive script that reads "Brandon Egren".

Brandon N. Egren
Staff Counsel

Cc: Jonas Kron, Trillium Asset Management LLC



December 21, 2018

VIA e-mail: shareholderproposals@sec.gov

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Verizon Communications Inc. 2019 Annual Meeting Shareholder Proposal of The Park Foundation, William Gee, and the Trillium P21 Global Fund

Dear Sir/Madam:

This letter is submitted on behalf of The Park Foundation, William Gee, and the Trillium P21 Global Fund by Trillium Asset Management, LLC, as its designated representative in this matter (hereinafter referred to as “Proponents”), who are the beneficial owners of shares of common stock of Verizon Communications Inc. (hereinafter referred to as “Verizon” or the “Company”), and who has submitted a shareholder proposal (hereinafter referred to as “the 2019 Proposal” or “the Proposal”) to Verizon, to respond to the letter dated December 12, 2018 sent to the Office of Chief Counsel by the Company, in which Verizon contends that the Proposal may be excluded from the Company's 2017 proxy statement under rule 14a-8(i)(7).

I have reviewed the Company's letter, and based upon the foregoing, as well as upon a review of Rule 14a-8, it is my opinion that the 2019 Proposal must be included in Verizon's 2019 proxy statement because the 2019 Proposal focuses on a significant policy issue confronting Verizon and does not seek to micromanage the company. Therefore, we respectfully request that the Staff not issue the no-action letter sought by the Company.

Pursuant to Staff Legal Bulletin 14D (November 7, 2008) we are filing our response via e-mail in lieu of paper copies and are providing a copy to Verizon's counsel Brandon Egren, Staff Counsel via e-mail at brandon.egren@verizon.com.

The Proposal

The 2019 Proposal, the full text of which is attached as Attachment A, states:

Resolved: Verizon shareholders request the Human Resources Committee of the Board of Directors publish a report (at reasonable expense, within a reasonable time, and

omitting confidential or proprietary information) assessing the feasibility of integrating cyber security and data privacy performance measures into the Verizon executive compensation program which it describes in its annual proxy materials.

Supporting Statement: According to pages 34 and 35 of Verizon’s 2018 proxy materials, the Verizon Short-Term Incentive Plan included adjusted EPS, free cash flow, total revenue, and diversity and sustainability. Cyber security and data privacy are vitally important issues for Verizon and should be included too, as we believe it would incentivize leadership to reduce risk, enhance financial performance, and increase accountability.

History of the Proposal

In the fall of 2017 Trillium, on behalf of the Park Foundation, filed the following shareholder proposal at the Company for inclusion in its 2018 proxy (“the 2018 Proposal”):

Resolved: Verizon shareholders request the appropriate board committee(s) publish a report (at reasonable expense, within a reasonable time, and omitting confidential or proprietary information) assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company’s compensation incentive plans.

Supporting Statement: Currently, Verizon links senior executive compensation to diversity metrics and carbon intensity metrics. Cyber security and data privacy are vitally important issues for Verizon and should be integrated as appropriate into senior executive compensation as we believe it would incentivize leadership to reduce needless risk, enhance financial performance, and increase accountability.

The 2018 Proposal was challenged by Verizon arguing that it was excludable under rule 14a-8(i)(7) because (1) it dealt with matters relating to Verizon’s ordinary business operations and (2) the proposal “is not saved from exclusion as relating to an ordinary business matter by its reference to executive compensation.”

On March 7, 2018, the Staff, having reviewed both the ordinary business and executive compensation arguments, concluded that the 2018 Proposal was not excludable under rule 14a-8(i)(7).¹

¹ <https://www.sec.gov/divisions/corpfm/cf-noaction/14a-8/2018/parkfoundation030718-14a8.pdf>

The Staff should reach the same conclusion with the 2019 Proposal as with the 2018 Proposal

The 2019 Proposal and the 2018 Proposal are virtually identical to each other. The only difference worth noting is that the 2019 Proposal is more explicit in its focus on the senior executives by making specific reference to the Company's discussion of executive compensation in the Company proxy materials. Accordingly, the 2019 Proposal should be deemed permissible.

It should also be point out that in its denial of the no-action request for the 2018 Proposal, the Staff highlighted the fact that the Company's no-action request did not include a discussion of the board's analysis. So it is striking that yet again, the Company has not provided a discussion of the board's analysis. In the absence of this analysis, we believe that consistency requires that the Staff again deny the Company's request. The issue that the 2019 and 2018 proposals focus on—cyber security and data privacy—has not become any less a significant issue confronting the company. In fact, it has become even more significant in the last 12 months, as described below.

Staff Legal Bulletin 14J does not change the conclusion as to the 2019 Proposal as privacy and data security transcend ordinary business now more than ever

In considering Staff Legal Bulletin 14J, we believe the Company has failed to take into account what appears to be a critical portion of Section 3 on executive compensation matters. The Staff makes it clear throughout this section that the overriding consideration for the 14a-8(i)(7) analysis continues to be whether the proposal focuses on a significant issue that transcends ordinary business matters. Section 3 begins with a reminder that the question is whether "such a proposal focuses on policy issues that are sufficiently significant because they *transcend ordinary business* and would be appropriate for a shareholder vote." (emphasis added)

Similarly, in section 3.b. the Staff explains that "This is because the availability of certain forms of compensation to senior executives and/or directors that are also broadly available or applicable to the general workforce does not generally raise significant compensation issues that *transcend ordinary business matters.*" (emphasis added)

This emphasis on whether the proposal transcends ordinary business is of course entirely consistent with the Commission's Release No. 34-40018 (May 21, 1998) which governs all 14a-8 matters. This touchstone language has guided Staff decisions for 20 years and represents a well-understood analysis that investors and issuers have come to rely on in making decisions regarding holdings and the exercise of shareholder rights. To ignore that bedrock history of

14a-8(i)(7), as the Company’s analysis does, and elevate the form of the proposal form over a shareholder’s right to file a proposal that focuses on matters that transcend the ordinary business matters of the company, would tread upon the purview of the Commissioners.

As such, the central issue presented in this no-action letter request is whether a report “assessing the feasibility of integrating cyber security and data privacy performance measures into the Verizon executive compensation program” focuses on an issue that *transcends ordinary business matters*. It is clearly evident that the answer to that question is yes. As we extensively documented in our letters with respect to earlier Verizon no-action letter requests of January 5, 2018² and January 24, 2017,³ and incorporate here, which demonstrated how for years these issues have attracted significant attention in the media, from policy makers, investors, consultants, and the public. Of course the issue continues to command attention. Most recently, a data breach at Marriott and ongoing concerns about data privacy have led to high profile Congressional hearings with witnesses from a wide variety of companies including Facebook, Alphabet (Google), and Twitter.

Verizon has specifically had to contend continuously with problems in these regards. In July, 2018 it was revealed that approximately 75 companies had access to Verizon customers’ locations.⁴ Later in the summer, the Wall Street Journal reported that Verizon’s Oath unit had been selling a service to advertisers that analyzes more than 200 million Yahoo Mail inboxes and the user data they contain.⁵ Another example was announced in December when Oath agreed to a multi-million dollar settlement over its practices that impacted children’s privacy.⁶

In touching on the Company’s discussion of the Verizon Short-Term Incentive Plan the Proposal is highlighting that matters in the proxy are inherently matters that are appropriate for shareholder consideration and are already receiving shareholder consideration when providing an advisory Say-on-Pay vote. Company shareholders, on an annual basis, consider and vote on the pay package of the named executive officers. Part of the pay package presented in the proxy includes the Verizon Short-Term Incentive Plan which included adjusted EPS, free cash flow, total revenue, and diversity and sustainability. We believe that in considering whether to support that pay package—which includes significant policy issues such as diversity and sustainability—that cyber-security and data privacy could be deemed appropriate metrics to include in the Short-Term Incentive Plan.

² <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2018/parkfoundation030718-14a8.pdf>

³ <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2017/trilliumpark021617-14a8.pdf>

⁴ www.wsj.com/articles/how-wireless-carriers-get-permission-to-share-your-whereabouts-1531659600

⁵ www.wsj.com/articles/yahoo-bucking-industry-scans-emails-for-data-to-sell-advertisers-1535466959

⁶ www.nytimes.com/2018/12/03/business/media/oath-children-online-privacy.html

This is wholly appropriate given our growing understanding of the linkages of executive compensation and ESG issues. For example, a 2018 paper by Professor Caroline Flammer of Boston University entitled *Corporate Governance and the Rise of Integrating Corporate Social Responsibility Criteria in Executive Compensation: Effectiveness and Implications for Firm Outcomes* shows that the adoption of an executive compensation link between social policy issues not only leads to improvements on those issues, but also leads to an increase in long-term orientation and an increase in firm value.⁷ This is particularly important, as many leaders in the financial markets have been encouraging investors to have a long-term perspective. This includes, SEC Chairman Clayton, who has urged the shareholder proposal process be used in a manner that ensures alignment with the interests of long-term investors.⁸

We also, have seen the Staff conclude that it is entirely appropriate for shareholders to seek to place a shareholder proposal on the proxy that links “any senior executive’s incentive compensation” to a significant policy issue that transcends the company’s ordinary business such as climate change. In *ConocoPhillips* (February 13, 2015) the proponents requested the company:

to adopt a policy that it will not use "reserve additions," "reserve replacement ratio" ("RRR") or any other metric based on reserves to determine the amount of any senior executive's incentive compensation without adjusting reserves to exclude barrels of oil equivalent that are not economically producible under a Demand Reduction Scenario in which the price of a barrel of Brent crude oil decreases to \$65 (the price used by Standard & Poor's) by 2020 and remains flat thereafter.

In that case, the company argued that the proposal, which focused on the significant policy issue of climate change and the potential impact of regulatory developments to reduce demand, sought to micromanage the company. The Staff concluded “we note that the proposal focuses on the significant policy issue of senior executive compensation and does not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate.” As the *ConocoPhillips* example illustrates, it is permissible to focus a shareholder proposal on executive compensation metrics and how the company can link those metrics to a significant social policy issue.

With respect to the various no-action letters cited by Verizon in its no-action request, it is clear that they are inapposite. All of those examples were entirely focused on what can be called pure executive compensation matters such as financial performance, stock options, claw backs, etc. None of them involved questions of a significant policy issue and whether there was a

⁷ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2831694

⁸ <https://www.sec.gov/news/speech/speech-clayton-120618>

widespread public debate over the subject matter such that the proposal's focus transcended the ordinary business of the company. In that way they are entirely different from the 2019 Proposal because the 2019 Proposal is focused on executive compensation as it relates to a significant policy issue that transcends the ordinary business of Verizon - cybersecurity and data privacy. And accordingly, that is why the example provided in Section 3.b. is a pure executive compensation matter - golden parachutes. When a proposal, like with the golden parachute example and in the cases cited by the Company, focuses on issues that do not transcend the ordinary business of the company, then it may be necessary to look at whether it is applicable to the general workforce. But that is not the case here.

For the reasons provided above, we urge the Staff to conclude, as it did with the 2018 Proposal, that the 2019 Proposal focuses on an issue that transcends the Company's ordinary business in a manner that does not seek to micromanage the Company; the Company's failure to provide a board analysis denies the Staff the benefit of the board's views; and that SLB 14J is not applicable to the 2019 Proposal.

Conclusion

In conclusion, we respectfully request the Staff inform the Company that Rule 14a-8 requires a denial of the Company's no-action request. Please contact me at (503) 592-0864 or jkron@trilliuminvest.com with any questions in connection with this matter, or if the Staff wishes any further information.

Sincerely,



Jonas D. Kron
Senior Vice President

cc: Brandon Egren at brandon.egren@verizon.com
Staff Counsel
Verizon Communications Inc.

Appendix A

Cyber Security and Data Privacy

Whereas:

In September 2017, the Co-Director of the SEC's Enforcement Division announced the creation of a "Cyber Unit" stating, "Cyber-related threats and misconduct are among the greatest risks facing investors and the securities industry."

In February 2018, in issuing guidance for preparing disclosures about cybersecurity risks and incidents, Chairman Clayton emphasized "cybersecurity is critical to the operations of companies and our markets."

In the United Kingdom, a Parliamentary committee studying cyber security recommended: "To ensure this issue receives sufficient CEO attention before a crisis strikes, a portion of CEO compensation should be linked to effective cyber security, in a way to be decided by the Board."

Consistent with that recommendation, Consolidated Edison's long-term incentive plan includes cyber security.

Verizon has made several policy commitments regarding data privacy and data security. However, there is significant evidence that Verizon has not been successful at implementing those commitments, faces significant challenges to doing so, and/or engages in risky behavior. In 2016, Fortune reported that "Verizon's division that helps Fortune 500 companies respond to data breaches, suffered a data breach of its own ... [including] information on some 1.5 million customers of Verizon Enterprise."

In July 2017, the Washington Post reported that a "communication breakdown and a vacationing employee were the reasons it took more than a week to close a leak [in June] that contained data belonging to 6 million Verizon customers."

In October 2017, it was announced that all 3 billion accounts in subsidiary Yahoo had been breached prior to its acquisition by Verizon.

In 2018, following revelations from Senator Ron Wyden that about 75 companies had access to Verizon customers' locations, the company announced it would wind down the relationships where it allowed that access.

While the tech industry refuses to scan emails for information to sell to advertisers, Verizon unit Oath continues to do so and pitches these services to advertisers.

As these risks are significant, we believe it is advisable for the board to explore integrating cyber security and data privacy performance measures into the Verizon executive compensation program.

Resolved: Verizon shareholders request the Human Resources Committee of the Board of Directors publish a report (at reasonable expense, within a reasonable time, and omitting confidential or proprietary information) assessing the feasibility of integrating cyber security and data privacy performance measures into the Verizon executive compensation program which it describes in its annual proxy materials.

Supporting Statement: According to pages 34 and 35 of Verizon's 2018 proxy materials, the Verizon Short-Term Incentive Plan included adjusted EPS, free cash flow, total revenue, and diversity and sustainability. Cyber security and data privacy are vitally important issues for Verizon and should be included too, as we believe it would incentivize leadership to reduce risk, enhance financial performance, and increase accountability.



Brandon N. Egren
Staff Counsel

One Verizon Way
Mail Code VC54S
Basking Ridge, NJ 07920
Office: 908-559-2726
Fax: 908-766-5725
brandon.egren@verizon.com

December 12, 2018

By email to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Verizon Communications Inc. 2019 Annual Meeting
Shareholder Proposal of William Gee, Park Foundation, and
Trillium P21 Global Equity Fund

Ladies and Gentlemen:

I am writing on behalf of Verizon Communications Inc., a Delaware corporation (“Verizon” or the “Company”), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to request that the Staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “Commission”) concur with our view that, for the reasons stated below, Verizon may exclude the shareholder proposal and supporting statement (the “Proposal”) submitted by Trillium Asset Management on behalf of William Gee, Park Foundation, and Trillium P21 Global Equity Fund (collectively, the “Proponents”), from the proxy materials to be distributed by Verizon in connection with its 2019 annual meeting of shareholders (the “2019 proxy materials”). A copy of the Proposal and related correspondence with the Proponents’ representative is attached as Exhibit A hereto.

In accordance with Rule 14a-8(j), I am submitting this letter not less than 80 calendar days before Verizon intends to file its definitive 2019 proxy materials with the Commission and have concurrently sent a copy of this correspondence by email to the Proponents’ representative.

The Proposal

The Proposal states:

Resolved: Verizon shareholders request the Human Resources Committee of the Board of Directors publish a report (at reasonable expense, within a reasonable time, and omitting confidential or proprietary information) assessing the feasibility of integrating cyber security and data privacy performance measures into the Verizon executive compensation program which it describes in its annual proxy materials.

Basis for Exclusion

In accordance with Rule 14a-8, Verizon respectfully requests that the Staff confirm that no enforcement action will be recommended against Verizon if the Proposal is omitted from Verizon's 2019 proxy materials pursuant to Rule 14a-8(i)(7), because the Proposal deals with matters relating to Verizon's ordinary business operations.

Analysis

The Proposal may be excluded under Rule 14a-8(i)(7) because it relates to general employee compensation and does not mention, much less focus on, any aspects of Verizon's compensation program that are available or apply only to senior executive officers and/or directors

Rule 14a-8(i)(7) permits a company to omit a shareholder proposal from its proxy materials if it deals with a matter relating to the company's ordinary business operations. When adopting amendments to Rule 14a-8 in 1998, the Commission explained that the general policy underlying the "ordinary business" exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." Exchange Act Release No. 34-40018 (May 21, 1998) (the "1998 Release"). As explained in the 1998 Release, this general policy reflects two central considerations, one of which is that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." The 1998 Release qualifies its discussion of this consideration by noting that "proposals relating to such matters but focusing on sufficiently significant social policy issues . . . generally would not be considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote."

Where a shareholder proposal requests the preparation of a special report, the Staff has stated that it looks to the underlying subject matter of the report to determine whether the proposal relates to an ordinary business matter. Where it does, the proposal is excludable under Rule 14a-8(i)(7). Staff Legal Bulletin No. 14E (October 27, 2009). Here, the Proposal requests a report on "the feasibility of integrating cyber security and data privacy performance measures into the *Verizon executive compensation program which it describes in its annual proxy materials*" (emphasis added).

On October 23, 2018, the Staff issued Staff Legal Bulletin No. 14J ("SLB 14J"), which, among other things, provides guidance on the scope and application of Rule 14a-8(i)(7) for proposals that touch upon senior executive and/or director compensation matters. In SLB 14J, the Staff states its view that "proposals that relate to general employee compensation and benefits are excludable under Rule 14a-8(i)(7). On the other hand, proposals that focus on significant aspects of senior executive and/or director compensation generally are not excludable under Rule 14a-8(i)(7)." The Staff then outlines the approach that it will take with respect to proposals that address aspects of senior executive and/or director compensation that are also available or applicable to a company's general workforce, as follows:

- *Proposals where the focus is on aspects of compensation that are available or apply only to senior executive officers and/or directors.* Companies may generally not rely on Rule 14a-8(i)(7) to omit these proposals from their proxy materials.
- *Proposals where the focus is on aspects of compensation that are available or apply to senior executive officers, directors, and the general workforce.* Companies may generally rely on Rule 14a-8(i)(7) to omit the proposal from their proxy materials.

The executive compensation program referred to in the Proposal applies to a much broader range of employees than “senior executive officers,” and the Proposal does not mention or delineate, much less focus on, any aspects of Verizon’s executive compensation program that are available or applicable only to senior executive officers and/or directors. Accordingly, Verizon believes that the Proposal is fatally flawed and excludable under Rule 14a-8(i)(7), and that such exclusion is consistent with the views and approach expressed by the Staff in SLB 14J, as well as the Staff’s previous decisions to grant no-action relief in relation to compensation proposals that extend to employees beyond a company’s “senior executives” or “senior executive officers.”

A. The Staff has generally applied a specific, technical interpretation of the term “senior executive officers” (or “senior executives”) and concurred in the exclusion of proposals that extend to compensation of employees beyond this narrowly defined group

The exclusion of the Proposal is consistent not only with the guidance contained in SLB 14J, but also with prior decisions to grant no-action relief, in which the Staff has generally allowed exclusion of proposals that relate to the compensation of employees outside a narrow band of “senior executives,” even when the Proposal is limited to a small group of high-level employees. It is evident from the Staff’s previous decisions regarding compensation-related proposals that the Staff’s view of the term “senior executive officer” (or “senior executive,” which the Staff uses interchangeably with “senior executive officer,” as does this letter) is rooted in the concept of an “executive officer,” defined in Rule 3b-7 under the Exchange Act to mean a registrant’s “president, any vice president of the registrant *in charge of a principal business unit, division or function* (such as sales, administration or finance), any other officer who performs a *policy making function* or any other person who performs similar *policy making functions* for the registrant” (emphasis added). Whether or not an executive performs a “policy making function” for a company is a key distinction in U.S. securities law, since a company’s “executive officers” are included in the beneficial ownership table in a company’s proxy statement and file reports under Section 16(a) of the Exchange Act. Furthermore, the compensation of a company’s “named executive officers” (generally a subset of “executive officers” defined in Item 402(a)(3) of Regulation S-K) is subject to extensive disclosure requirements and shareholder oversight in the form of the shareholder advisory vote pursuant to Rule 14a-21. The Proposal ignores this key distinction, and as described in greater detail below, the vast majority of the employees whose compensation it relates to are not senior executives.

There are numerous examples that illustrate the Staff’s application of the concepts described in the foregoing paragraph. In *Bank of America Corporation* (January 31, 2012), for example, the Staff concurred in the exclusion of a proposal regarding the compensation of the company’s “100 top earning executives . . . and . . . members of its Board of Directors.” In *Bank of America*, the company observed that the Staff “has consistently found that proposals regarding the compensation of a large number of employees that did not have a policy making role at their companies . . . are excludable

under Rule 14a-8(i)(7).” The Staff concurred, concluding that the proposal was excludable as relating to “compensation that may be paid to employees generally and . . . not limited to compensation that may be paid to senior executive officers and directors.” Similarly, in *Minnesota Mining and Manufacturing Company* (March 4, 1999), the Staff allowed exclusion of a proposal to limit the compensation of the company’s CEO and its “top 40 executives” as “relating to [the company’s] ordinary business operations (i.e., general compensation matters).” Likewise, in *Alliant Energy Corp.* (February 4, 2004), the Staff concurred in the exclusion of a proposal seeking to regulate the salary of “the president, all levels of vice president, the CEO, CFO and all levels of top management.” In *Alliant*, the company explained that the classes of employees covered by the proposal included persons not commonly identified as senior executives. The Staff concurred, concluding that the proposal was excludable as relating to “general compensation matters.” See also *3M Company* (January 8, 2018) (allowing exclusion of a proposal relating to stock and option awards to “Corporate Officers”); *Apple Hospitality REIT, Inc.* (February 18, 2015) (concurring in the exclusion of a proposal that related to the compensation of a company’s “management team”); *The Goldman Sachs Group, Inc.* (March 8, 2010) (allowing exclusion of a proposal that applied to named executive officers and the 100 most highly-compensated employees); *3M Company* (March 6, 2008) (concurring in the exclusion of a proposal related to compensation of “high-level 3M employees”); and *Lucent Technologies Inc.* (November 6, 2001) (allowing exclusion of a proposal concerning the compensation of “ALL officers and directors” (emphasis in original) of the company).

B. The executive compensation program described in Verizon’s annual proxy materials is applicable to a broad range of employees, extending significantly beyond the Company’s senior executive officers and directors

The Proposal relates to the “Verizon executive compensation program which it describes in its annual proxy materials.” While the executive compensation program described in Verizon’s annual proxy materials applies to Verizon’s “executive officers” and “named executive officers” as these terms are defined for purposes of securities law and as described in greater detail above, it also applies to a much broader range of employees, whose compensation is not appropriately subject to direct shareholder oversight. Elements of the Verizon executive compensation program that are described in the Company’s annual proxy materials but that are broadly available include the Short-Term Incentive Plan (the “Short-Term Plan”) and the Long-Term Incentive Plan (the “Long-Term Plan”). Both of these documents are publicly available and included as exhibits to Verizon’s Annual Report on Form 10-K. These plans provide for eligibility that extends to employees well beyond Verizon’s senior executive officers. Verizon’s proxy materials do not in any way indicate that these elements of the executive compensation program are available or applicable only to senior executive officers.

The Short-Term Plan is described on pages 33-36 of Verizon’s 2018 proxy materials and is also mentioned specifically in the supporting statement of the Proposal. In 2017, nearly 300 “key employees at the senior management level” (the term used to describe eligible employees in Section 4.1 of the Short-Term Plan, which generally applies to all employees with the title of vice president and above, a significantly broader class of employees than “senior executive officers”) were eligible to participate in the Short-Term Plan.¹ Moreover, as a practical matter, the annual short-term incentive bonuses of all management employees below the vice president level who do not receive sales

¹ Verizon’s proxy materials for 2009, the year in which the Short-Term Plan was adopted, state that approximately 400 such employees were eligible to participate in the Short-Term Plan at that time.

incentive compensation (in 2017, nearly 80,000 employees) are based on the same performance metrics as those established under the Short-Term Plan.

The Long-Term Plan is described on pages 36-41 of Verizon's 2018 proxy materials. All employees of Verizon are eligible to be granted awards under the Long-Term Plan,² and in 2017, approximately 2,000 employees received annual grants under the Plan, with the same terms and conditions as the annual grants awarded to senior executive officers under the Verizon executive compensation program.

Verizon respectfully submits that the Short-Term Plan and the Long-Term Plan apply and are available to a significant number of employees who are not senior executive officers. The vast majority of employees eligible to participate in these plans are not "named executive officers" whose compensation is subject to the shareholder advisory vote, are not included in the list of executive officers appearing in the Company's Annual Report on Form 10-K, are not in charge of principal business units, and do not perform significant policy-making functions for Verizon. Moreover, they are not included in the beneficial ownership table in Verizon's proxy statement, and they do not file reports under Section 16(a) of the Exchange Act. Accordingly, the Proposal applies to the compensation of employees outside the classification commonly identified as "senior executive officers."

Conclusion

For the foregoing reasons, Verizon believes that the Proposal may be properly excluded from its 2019 proxy materials in reliance on Rule 14a-8(i)(7). Verizon respectfully requests that the Staff confirm that it will not recommend enforcement action to the Commission if Verizon omits the Proposal from its 2019 proxy materials.

Verizon requests that the Staff send a copy of its determination of this matter by email to the undersigned at brandon.egren@verizon.com and to the Proponents' representative at jkron@trilliuminvest.com.

If you have any questions with respect to this matter, please telephone me at (908) 559-2726.

Very truly yours,



Brandon N. Egren
Staff Counsel

Enclosure

Cc: Jonas Kron, Trillium Asset Management LLC

² Notably, on February 1, 2018, Verizon made a grant of restricted stock units under the Long-Term Plan to all employees who do not typically receive annual equity grants. Approximately 153,000 employees received this grant with the same terms and conditions as the annual grants of restricted stock units.

Exhibit A

The Proposal and Related Correspondence



November 14, 2018

Assistant Corporate Secretary
Verizon Communications, Inc.
1095 Avenue of the Americas
New York, NY 10036

Dear Assistant Corporate Secretary:

Trillium Asset Management LLC ("Trillium") is an investment firm based in Boston specializing in socially responsible asset management. We currently manage approximately \$2.8 billion for institutional and individual clients.

As requested and authorized by William Gee, Park Foundation and Trillium P21 Global Equity Fund, Trillium Asset Management, as our clients' investment advisor, hereby submits the enclosed shareholder proposal with Verizon Communications, Inc. for inclusion in the 2019 proxy statement and in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934 (17 C.F.R. § 240.14a-8). Per Rule 14a-8, William Gee, Park Foundation and Trillium P21 Global Equity Fund each hold more than \$2,000 of the company's common stock, acquired more than one year prior to today's date and held continuously for that time. As evidenced in the attached letters, William Gee, Park Foundation and Trillium P21 Global Equity Fund will remain invested in this position continuously through the date of the 2019 annual meeting. We will forward verification on William Gee, Park Foundation and Trillium P21 Global Equity Fund's behalf of the positions separately. William Gee, Park Foundation and Trillium P21 Global Equity Fund will send a representative to the stockholders' meeting to move the shareholder proposal as required by the SEC rules.

We would welcome discussion with Verizon Communications, Inc. about the contents of the proposal.

Please direct any communications to me at (503) 894-7551, or via email at jkron@trilliuminvest.com.

We would appreciate receiving a confirmation of receipt of this letter via email.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonas Kron', written over a horizontal line.

Jonas Kron
Senior Vice President, Director of Shareholder Advocacy
Trillium Asset Management, LLC

Cyber Security and Data Privacy

Whereas:

In September 2017, the Co-Director of the SEC's Enforcement Division announced the creation of a "Cyber Unit" stating, "Cyber-related threats and misconduct are among the greatest risks facing investors and the securities industry."

In February 2018, in issuing guidance for preparing disclosures about cybersecurity risks and incidents, Chairman Clayton emphasized "cybersecurity is critical to the operations of companies and our markets."

In the United Kingdom, a Parliamentary committee studying cyber security recommended: "To ensure this issue receives sufficient CEO attention before a crisis strikes, a portion of CEO compensation should be linked to effective cyber security, in a way to be decided by the Board."

Consistent with that recommendation, Consolidated Edison's long-term incentive plan includes cyber security.

Verizon has made several policy commitments regarding data privacy and data security. However, there is significant evidence that Verizon has not been successful at implementing those commitments, faces significant challenges to doing so, and/or engages in risky behavior.

In 2016, Fortune reported that "Verizon's division that helps Fortune 500 companies respond to data breaches, suffered a data breach of its own ... [including] information on some 1.5 million customers of Verizon Enterprise."

In July 2017, the Washington Post reported that a "communication breakdown and a vacationing employee were the reasons it took more than a week to close a leak [in June] that contained data belonging to 6 million Verizon customers."

In October 2017, it was announced that all 3 billion accounts in subsidiary Yahoo had been breached prior to its acquisition by Verizon.

In 2018, following revelations from Senator Ron Wyden that about 75 companies had access to Verizon customers' locations, the company announced it would wind down the relationships where it allowed that access.

While the tech industry refuses to scan emails for information to sell to advertisers, Verizon unit Oath continues to do so and pitches these services to advertisers.

As these risks are significant, we believe it is advisable for the board to explore integrating cyber security and data privacy performance measures into the Verizon executive compensation program.

Resolved: Verizon shareholders request the Human Resources Committee of the Board of Directors publish a report (at reasonable expense, within a reasonable time, and omitting confidential or proprietary information) assessing the feasibility of integrating cyber security and data privacy performance measures into the Verizon executive compensation program which it describes in its annual proxy materials.

Supporting Statement: According to pages 34 and 35 of Verizon's 2018 proxy materials, the Verizon Short-Term Incentive Plan included adjusted EPS, free cash flow, total revenue, and diversity and sustainability. Cyber security and data privacy are vitally important issues for Verizon and should be included too, as we believe it would incentivize leadership to reduce risk, enhance financial performance, and increase accountability.

Jonas Kron
Senior Vice President
Trillium Asset Management, LLC
Two Financial Center
60 South Street, Suite 1100
Boston, MA 02111

Dear Mr. Kron:

I hereby request Trillium Asset Management, LLC to file a shareholder proposal on my behalf at Verizon Communications, Inc on the subject of on the subject of a report assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.

I am the beneficial owner of more than \$2,000 of Company common stock that I have continuously held for more than one year. I intend to hold the aforementioned shares of stock continuously through the date of the Company's annual meeting in 2019.

I specifically give Trillium Asset Management, LLC authority to deal on my behalf with any and all aspects of this specific shareholder proposal. This authorization will terminate upon the conclusion of the Company's 2019 annual meeting. I intend all communications from the Company and its representatives to be directed to Trillium Asset Management, LLC. I understand that my name may appear on Verizon Communication's proxy statement as the filer of the aforementioned shareholder proposal.

Sincerely,



William A. Gee

10/22/18
Date

Jonas Kron
Senior Vice President, Director of Shareholder Advocacy
Trillium Asset Management, LLC
Two Financial Center
60 South Street, Suite 1100
Boston, MA 02111

Dear Mr. Kron:

I hereby authorize Trillium Asset Management LLC to file a shareholder proposal on behalf of the Trillium P21 Global Equity Fund at Verizon Communication, Inc. (VZ) on the subject of cyber security and data privacy.

The Trillium P21 Global Equity Fund is the beneficial owner of more than \$2,000 of Company common stock that the Trillium P21 Global Equity Fund has continuously held for more than one year. The Trillium P21 Global Equity Fund intends to hold the aforementioned shares of stock continuously through the date of the company's annual meeting in 2019.

The Trillium P21 Global Equity Fund specifically gives Trillium Asset Management LLC authority to deal, on its behalf, with any and all aspects of the aforementioned shareholder proposal. This authorization will terminate upon the conclusion of the company's 2019 annual meeting. The Trillium P21 Global Equity Fund intends all communications from the company and its representatives to be directed to Trillium Asset Management LLC. The Trillium P21 Global Equity Fund understands that its name may appear on the corporation's proxy statement as a filer of the aforementioned shareholder proposal.

Sincerely,



Michelle McDonough, Managing Partner
Trillium Asset Management LLC, Investment Advisor to the Trillium P21 Global Equity Fund

9/26/19

Date

PARK FOUNDATION

September 26, 2018

Jonas Kron
Senior Vice President, Director of Shareholder Advocacy
Trillium Asset Management, LLC
Two Financial Center
60 South Street, Suite 1100
Boston, MA 02111

Dear Mr. Kron:

I hereby authorize Trillium Asset Management LLC to file a shareholder proposal on behalf of the Park Foundation at Verizon Communication, Inc. (VZ) on the subject of a report assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.

The Park Foundation is the beneficial owner of more than \$2,000 of Verizon Communications, Inc. common stock that The Park Foundation has continuously held for more than one year. The Park Foundation intends to hold the aforementioned shares of stock continuously through the date of the company's annual meeting in 2019.

The Park Foundation specifically gives Trillium Asset Management LLC authority to deal, on our behalf, with any and all aspects of the aforementioned shareholder proposal. This authorization will terminate upon the conclusion of the company's 2019 annual meeting. The Park Foundation intends all communications from the company and its representatives to be directed to Trillium Asset Management LLC. The Park Foundation understands that its name may appear on the corporation's proxy statement as the filer of the aforementioned shareholder proposal.

Sincerely,



Jon Jensen
Park Foundation

*Park Foundation Inc. P.O. Box 550 Ithaca, NY 14851
Tel: 607/272-9124 Fax: 607/272-6057*



One Verizon Way
Basking Ridge, NJ 07920
Tel 908-559-2726
brandon.egren@verizon.com

Brandon N. Egren
Staff Counsel

November 19, 2018

By FedEx and Email

Mr. Jonas Kron
Senior Vice President, Director of Shareholder Advocacy
Trillium Asset Management, LLC
Two Financial Center
60 South Street, Suite 1100
Boston, MA 02111

Dear Mr. Kron:

I am writing to acknowledge receipt of your letter submitting a shareholder proposal on behalf of William Gee, Park Foundation and Trillium P21 Global Equity Fund (collectively, the "Proponents") on November 14, 2018 for inclusion in Verizon Communications Inc.'s proxy statement for the 2019 annual meeting of shareholders.

Under the Securities and Exchange Commission's (SEC) proxy rules, in order to be eligible to submit a proposal for the 2019 annual meeting, a proponent must have continuously held at least \$2,000 in market value, or 1%, of Verizon's common stock for at least one year prior to the date that the proposal is submitted. For your reference, I have attached a copy of the SEC's proxy rules relating to shareholder proposals.

Our records indicate that none of the Proponents are registered holders of Verizon common stock. Please provide a written statement from the record holder of each Proponent's shares (usually a bank or broker) verifying that, as of the date the proposal was submitted (November 14, 2018), the respective Proponent held, and has continuously held for at least one year, at least \$2,000 in market value of Verizon common stock. Please note that some banks or brokers are not considered to be "record holders" under the SEC proxy rules because they do not hold custody of client funds and securities. Only DTC participants are viewed as "record holders" of securities for purposes of providing the written statement. You can confirm whether a particular broker or bank is a DTC participant by checking DTC's participant list, which is currently available on the Internet at <http://www.dtcc.com/client-center/dtc-directories>.

November 19, 2018

Page 2

If any Proponent's bank or broker is not a DTC participant, the bank or broker should be able to provide you with a contact at the DTC participant that has custody of its securities.

The SEC rules require that this documentation be postmarked or transmitted electronically to us no later than 14 days from the day you receive this letter. Once we receive this documentation, we will be in a position to determine whether the proposal is eligible for inclusion in the proxy statement for the Verizon 2019 annual meeting.

Please do not hesitate to contact me if you have any questions.

Very truly yours,



Brandon N. Egren
Staff Counsel

Attachment

Cc: William L. Horton, Jr.

Morgan Stanley

Mark J. Rogers, CIMA®
Executive Director
Family Wealth Director
Financial Advisor

Wealth Management
35055 West 12 Mile Road
Suite 101
Farmington Hills, MI 48331
fax 248 462 7620
toll free 800 819 0949
mark.j.rogers@morganstanley.com

November 19, 2018

Re: William Gee IV 2000-Large Cap /Acct # [REDACTED]

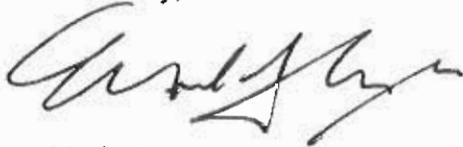
To Whom It May Concern:

This letter is to confirm that Morgan Stanley holds as custodian for the above client 2,385 shares of common stock in Verizon Communications, Inc. These 2,385 shares have been held in this account continuously for at least one year prior to November 14, 2018.

These shares are held at Depository Trust Company under the nominee name William A Gee IV 2000 Trust U/A/D 11/21/2000.

This letter serves as confirmation that the shares are held by Morgan Stanley.

Sincerely,



Mark J. Rogers
Executive Director
Family Wealth Director
Senior Investment Management Consultant
Consulting Group Institutional Services
Morgan Stanley Family Office



Fund Custody
Trust Technology and Support Services
1555 N. Rivercenter Drive, Suite 302
Milwaukee, WI 53212
usbank.com

12/3/18

Re: TRILLIUM P21 GLOBAL EQUITY FUND/ACCT #

This letter is to confirm that US Bank holds as custodian for the above client 60,000 shares of common stock in Verizon Communications. These 60,000 shares have been held in this account continuously for at least one year prior to November 14, 2018

These shares are held at Depository Trust Company under the nominee name US Bank

This letter serves as confirmation that the shares are held by US Bank

Sincerely,

A handwritten signature in cursive script, appearing to read "Megan Ropiak", written over a horizontal line.

Megan Ropiak

Officer

The Northern Trust Company

50 South LaSalle Street
Chicago, IL 60603
(312) 630-6000



November 20, 2018

RE: Park Foundation/ ***

This letter is to confirm that The Northern Trust holds as custodian for the above client 260 shares of common stock in Verizon Communications, Inc.(VZ). These 260 shares have been held in this account continuously for at least one year prior to November 14, 2018.

These shares are held at Depository Trust Company under the nominee name of The Northern Trust Company.

This letter serves as confirmation that the shares are held by The Northern Trust Company.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Frank Fauser'.

Frank Fauser
Vice President