

October 29, 2004

Jonathan G. Katz, Secretary  
U.S. Securities and Exchange Commission 450 Fifth Street, NW  
Washington, DC 20549-0609

Dear Secretary Katz,

As an individual investor, I am submitting comments regarding the proposed rule on shareholder proxy access and the ability of investors to better nominate candidates for corporate boards. I urge the SEC to support greater democracy in the corporate elections process, and to vigorously support investors' rights to nominate legitimate candidates for company boards, and to do so through the company's proxy statement. For years, directors have failed to serve shareowners well in their role as investor representatives at public corporations, and it is time for this faulty governance system to be reformed. The three-year wave of corporate scandals and the continued excesses of executive pay only highlight the flaws in allowing incumbent boards to hand-pick director candidates.

I am concerned with what I've seen in the proposed rule. The rule should go much further in providing investors with strengthened rights regarding the nominations process. I oppose the "triggering events" described in the proposal. Put forward by opponents of shareholder access earlier this summer, triggers have no place in building more democratic board elections. The new rule must provide investors, large and small, with greater reins over the boards that represent them-if for nothing else but to pressure directors to clean up conflicts of interest.

The rule must provide fair and robust mechanisms for company owners to place highly qualified and truly independent people on the proxy ballot. Only then can shareholders effectively hold individual board members accountable for their actions. This proposal puts enough hurdles in front of shareholders that the new rule barely improves upon the current process-that of individual investors spending hundreds of thousands of dollars of their own money to run a single candidate for the board, which is then undermined by executives spending endlessly from the corporate treasury (investors' monies) to counter that candidate.

What we currently have in no way resembles an open, democratic election of directors. The triggers proposed in the rule make it even less so. Having direct access to the proxy without barriers or triggers seems a modest request, given that few investors would use their rights to nominate unless they felt a board and corporate executives were grossly mismanaging a corporation. There's also the burden of winning more support for an investor candidate than candidates proposed by management. It's just too much effort to find qualified candidates (under increasingly stringent rules of independence) and win majority support unless a company has failed its investors.

Until corporate governance is strengthened to make directors more accountable to shareholders, we'll continue having trouble regaining investors' confidence in markets and corporate management. Allowing the owners of companies to have a realistic say in the membership of the board is one of the best ways to curb the excesses and reduce the conflicts of interest that lead to corporate corruption. Thank you for this opportunity to offer my strong support for this historic proposal. I encourage the Commission to adopt final rules that are responsive to my concerns.

Sincerely,

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