

December 11, 2003

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Securities and Exchange Commission  
Mr. Jonathan G. Katz  
Secretary  
450 Fifth Street, NW  
Washington, D.C. 20549

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**Re: File No. S7 19 03**

Dear Secretary Katz:

As General President of the Laborers' International Union of North America (LIUNA), which is affiliated with more than 100 defined benefit funds, I enthusiastically support Securities and Exchange Commission (SEC) proposal S7-19-03, "Security Holder Director Nominations." Collectively, Laborers' Pension and Health and Welfare trusts control approximately \$30 Billion in assets. These assets represent the deferred income of hundreds of thousands of Laborer families. We have all watched with concern as some boards of directors have rubber stamped acts of theft, fraud, and malfeasance that have harmed the assets of institutional and other investors. As the General President of LIUNA, I commend the SEC for proposing new rules that could give institutional investors an opportunity to nominate independent board candidates for listed corporations.

When CEOs and their handpicked boards enrich themselves at the expense of investors and employees, workers and communities suffer. The University of Michigan's Institute for Social Research estimates that the total value of retiree portfolios has shrunk by approximately \$678 billion since 2000. These declines can often be linked to the corporate fraud perpetrated on U.S investors over the past two years. In human terms, these losses often translate into lower benefits for retirees, higher costs for employers, greater burdens for local communities, and bitter betrayals of men and women who worked hard their entire lives. That is why the funds for which I speak and other like-minded institutional investors have become more active than ever before in issues of capital stewardship. Our assets, and the futures of our members are on the line, and we want a greater voice in corporate governance. That is why we support the commission's proposal.

We welcome the proposed requirements for significant ownership and holding periods, limitations on the number of shareholder nominees, and other regulations that guard against corporate raids and frivolous board nominees. The current proposal, however, makes it difficult for even the largest investors to use the new rules, and impossible to do so in a timely manner.



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We believe the triggering requirements are time consuming and unnecessary given the high ownership threshold required for shareholders to place nominees in the proxy. The proposed triggers entail a two-year process, an untenable delay at a company or board in crisis. And the proposed 1% ownership requirement for shareholders to submit a triggering proposal is far too high. A shareholder seeking to introduce such a proposal at the average S&P 500 Company would need to hold shares worth more than \$180 million.


While we support a significant ownership requirement for placing nominees in the proxy, we believe the proposed 5% threshold is too high. This threshold would require a shareholder or shareholder group seeking to place nominees in the proxy of the average S&P 500 Company to own shares worth approximately \$900 million. We encourage the Commission to lower the threshold to 3%, a level that would more fairly balance the Commission's concerns with the interests of corporations and their shareholders.

We hope that the Commission will adopt final rules that truly give responsible long-term investors timely and effective access to the proxy. The Commission would thus introduce genuine accountability to a boardroom culture that for too long has been characterized by cozy relationships and an unwillingness to challenge management. Such changes would greatly strengthen corporate governance and management across the board, and begin to effect a sea change in corporate culture that would extend well beyond the few companies at which the new rules are actually used.

Thank you for this opportunity to offer our strong, qualified support for this proposal. We encourage the Commission to adopt final rules that are responsive to our concerns.

With kind regards, I am

Sincerely yours,



TERENCE M. O'SULLIVAN  
General President

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