December 19, 2003

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

Re: File No. S7-19-03

Dear Mr. Katz:

I appreciate this opportunity to provide my comments on the Securities and Exchange Commission ("SEC") proposal to require companies to include shareholder nominees for director in company proxy materials under certain circumstances.

I agree with Congress, the SEC, and the securities markets that corporate boards and management must hold themselves to the highest standards of corporate governance. However, I am concerned that complicating the director election process by requiring companies to include shareholder nominees in their proxy materials is not good corporate governance and, in fact, will enhance special interest groups' access to boardrooms. In addition, the election of shareholder-nominated candidates could create factions on the board, leading to dissension and delay and jeopardizing the board's ability to function effectively.

I am concerned that permitting shareholders to place nominees in company proxy materials would undercut the role of the board and its nominating committee in the important process of nominating director candidates. This is inconsistent with New York Stock Exchange ("NYSE") listing standards, which strengthen the role and independence of boards of directors and board nominating committees. Moreover, bypassing the nominating committee, which must be composed solely of independent directors under the NYSE listing standards, would diminish board accountability to shareholders. Finally, the proposed rules could turn director elections into proxy contests, substantially disrupting corporate affairs, causing significant costs to the company and all of its shareholders, and dissuading from board service well-qualified individuals who do not want to routinely stand for election in a contested situation.
If the inclusion of shareholder nominees in company proxy materials is to be required, I agree with the SEC’s goal of limiting it to a small number of companies who have not been responsive to their shareholders. However, I believe the SEC should allow the corporate governance reforms adopted by Congress, the SEC and the securities markets to be fully implemented before proceeding with additional regulation. With the increased independence of boards of directors, the strengthened role and independence of nominating committees and the enhancement of shareholder-director communications, I believe that the issues that led to calls for shareholder access will be addressed.

Thank you for considering my concerns about the proposed rules.

Sincerely,

Joe T. Ford

JTF:pm

copy: Hon. William H. Donaldson, Chairman, U.S. Securities and Exchange Commission
Hon. Paul Atkins, Commissioner
Hon. Roel Campos, Commissioner
Hon. Cynthia A. Glassman, Commissioner
Hon. Harvey Goldschmid, Commissioner
Giovanni P. Prezioso, General Counsel
Alan L. Beller, Director, Division of Corporation Finance