

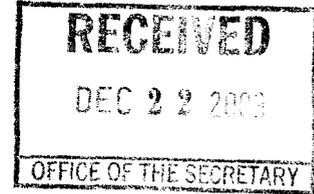


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December 16, 2003

INTER-CON
SECURITY SYSTEMS, INC.

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



Re: File No. S7-19-3

Dear Mr. Katz:

I am a director of the following corporations: McDonald's, Tribune, Wells Fargo and Nordstrom. I appreciate this opportunity to provide 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 strongly supported the Sarbanes-Oxley Act of 2002, and I appreciate the SEC's efforts to implement the Act. I also support the newly revised New York Stock Exchange corporate governance listing standards, which I believe will foster sound corporate governance and responsiveness and will encourage more transparent business practices. 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 believe 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. Furthermore, the proposed rules go far beyond the SEC's stated intent of targeting a small number of unresponsive companies and will impact many U.S. public companies - regardless of their corporate governance practices or their responsiveness to shareholders.

If the inclusion of shareholder nominees in company proxy materials is to be required, I agree with the SEC that it only should be triggered by objective criteria indicating that shareholders have not had adequate access to an effective proxy process. I am concerned, however, that the proposed rules run counter to this goal. In particular, the trigger based on a majority-vote shareholder proposal to activate access would apply to any company, not

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merely those companies that have failed to respond to shareholder concerns. Moreover, the trigger based on a director's receipt of more than 35 percent of "withhold" votes, while more appropriate than the first trigger, would not give the board and its nominating committee an opportunity to respond to shareholder concerns about a director before the company's proxy process is deemed ineffective. The possible third trigger, a company's failure to implement a majority-vote shareholder proposal (other than a proposal to activate access) does not demonstrate the ineffectiveness of the proxy process. Finally, the proposed thresholds for shareholders to submit a proposal to activate access and to nominate directors are too low to justify the cost and substantial disruption of the proxy contests that would result.

The rules as proposed would allow shareholders to nominate and elect a director who may be replacing a designated financial expert. It was clearly the intention of Congress and the Commission to encourage companies to place financial experts on their audit committees, and it is the obligation of the corporate governance or nominating committee of the board to handle this matter. The proposed rules are sure to muddy the waters around this recently clarified process.

If the Commission is going to adopt this proposal, companies should have a reasonable amount of time to anticipate and prepare for actions and events that may ultimately qualify as a triggering event for shareholder nominations. Many companies will have held their annual meeting in 2004, or will be well into the preparations for their annual meeting, before this proposal may be adopted, yet may be subject to the proposal and whatever changes are made to it prior to adoption. Therefore, shareholder action or voting results during the 2004 proxy season should not qualify as triggering events for shareholder nominations. In addition, there will be tremendous shareholder and company confusion with disclosures in 2004 proxy statements that attempt to provide information about a shareholder access process that has not been finalized. Moreover, companies need to add additional governance staff or retain counsel to assist with the proposals that may ultimately qualify as triggering events and related issues.

The rules as proposed lack critical detail with respect to implementation and impact upon companies. Before deciding to burden companies with the costs associated with proxy contests, the Commission should study the costs of solicitation, both contested and uncontested.

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



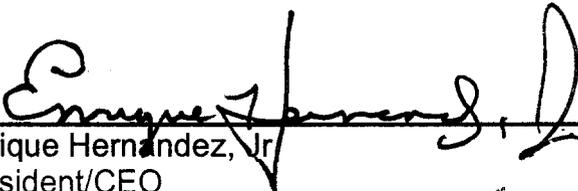
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strengthened role and independence of nominating committees and the enhancement of shareholder-director communications, I believe that the issues that led to calls for shareholder access will be addressed. If the SEC nevertheless concludes that changes in the director election process are necessary, then I believe it is necessary to substantially revise the proposed rules to better target them to non-responsive companies.

Thank you for considering these concerns about the proposed rules.

Sincerely,

Inter-Con Security Systems, Inc.


Enrique Hernandez, Jr.
President/CEO

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