



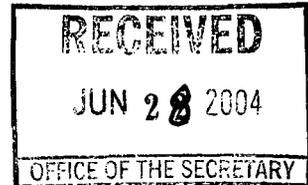
983

# Congress of the United States

House of Representatives

Washington, DC 20515

June 24, 2004



The Honorable William H. Donaldson  
Chairman  
United States Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549

57-19-03

Dear Chairman Donaldson:

We are writing to strongly encourage the Commission to adopt the pending rule that would provide shareholders the ability to nominate directors to corporate boards. We think that granting shareholders, under certain circumstances, access to the corporate proxy would not only give them a long overdue voice in the companies they own, but would also increase accountability and transparency in the boardroom.

As you are aware, Congress has been instrumental in exposing and investigating the corporate fraud that allegedly took place at Enron, WorldCom, HealthSouth and other companies. While we were shocked by the systemic nature of the fraud that purportedly occurred at these companies, we were equally disturbed by the lack of accountability that seemed to exist on the part of the boards of directors. Instead of looking out for the welfare of shareholders, many directors at these companies abdicated their fiduciary duty to protect shareholders' interests and functioned as rubber stamps for management – sometimes out of negligence, often to satisfy their own self-interests.

While the reforms, such as the Sarbanes-Oxley legislation, following these publicized scandals have been a good first step in increasing responsibility at the management level, such reforms have nevertheless failed to address the lack of accountability to and isolation from shareholders on the part of some corporate directors. In fact, shareholders remain effectively powerless when wanting to oust ineffective directors, their only option being to wage a costly and usually unsuccessful proxy contest. Consequently, shareholders are oftentimes left to tolerate ineffective and irresponsible directors with little recourse.

We therefore commend the Commission for considering the important and, in our view, long overdue reform that would provide shareholders with some ability to nominate directors. We believe this rule would be instrumental in ensuring that directors and management are responsive to and have interests aligned with those who they are intended to protect – the shareholders. We think that the adoption of this rule would prove to be a powerful tool in preventing corporate fraud as well as restoring beleaguered investor confidence.

While we acknowledge the concerns of those who are opposed to this rule, we believe that the rule includes sufficient safeguards to assure that shareholders are only able to nominate directors in cases that involve widespread shareholder dissatisfaction. We believe that the triggering events stipulated in the proposed rule are substantial enough hurdles to prevent access to the proxy from being unfettered or overrun by special interest groups. We believe the rule – as it was proposed – is balanced, providing a mechanism to bring democracy to the boardroom while enabling companies to operate efficiently. We encourage the Commission to continue the course it intended to pursue at the outset of the rule-making process and provide shareholders with access to the corporate ballot without including additional provisions that may compromise the effectiveness of the rule.

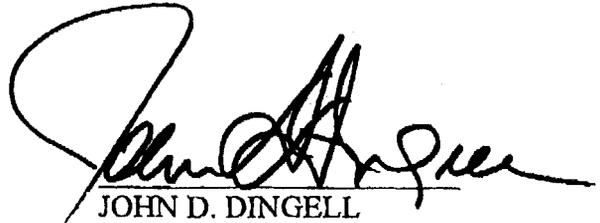
For over sixty years, the Commission has considered proposals allowing shareholders the right to include nominees on the corporate ballot. In light of the recent corporate scandals, we believe that there is no better time for the Commission to finally adopt this well-crafted rule. While providing access to the corporate proxy is not a revolutionary idea, the adoption of the rule would be a powerful indicator of the Commission's commitment to good corporate governance in our country.

We applaud the Commission for devising a balanced rule, urge the Commission's adoption of the proposed rule, and support the continued efforts of the Commission to improve corporate governance in America.

Sincerely,



DIANA DEGETTE  
Member of Congress



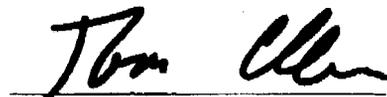
JOHN D. DINGELL  
Member of Congress



EDWARD MARKEY  
Member of Congress



BARNEY FRANK  
Member of Congress



THOMAS ALLEN  
Member of Congress



CAROLYN MALONEY  
Member of Congress