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Post Roundtable Comments

Re: shareholder nominations of directors in proxy statements

The SEC is DISCRIMINATING in this plan against small shareholders. Under current rules any shareholders owning \$2,000 worth of a stock who have held their shares for at least one year can make an appropriate proposal (subject to certain exceptions). This new rule would only allow shareholders with SUBSTANTIAL holdings (over 1% of shares outstanding) to name a director in the proxy statement. As we all know the Mutual Fund Scandal was based on the fact that institutional shareholders were getting benefits NOT extended to small shareholders.

So WHY the SEC hypocrisy and DOUBLE STANDARD in now DENYING small long-term shareholders the opportunity of equal access??? The DANGER here is that the SEC could extend this 1% rule to ALL resolutions submitted by shareholders!! For instance, a provision was inserted as a trigger that if a resolution (any resolution) received over 60% of the shares voting and the company still was not adopting it, then a director could be nominated PROVIDED the proponent of the resolution owned at least 1% of the shares outstanding!!! Now that smacks to me as a prelude for the SEC to want to extend this 1% rule to ALL resolutions. It would set a PRECEDENT and lawyers are always looking for precedents. In my 40 (forty) years of experience in having given resolutions to many major corporations all over the country, each time there was a revision in rule 14-A(8) which deals with shareholder proxy access, the companies tried to increase the amount of holdings required by shareholders in MOST instances (at least 4 or 5 times) to 1%. The institutions do NOT see the possible traps being set here, by giving the SEC a precedent.

I would like to suggest as an alternate plan for better independence by outside directors (1) a term limit of six years for all outside directors. Surely that would result in more independence and (2) more discussions with OUTSIDE directors. Certainly, a company could have an unresponsive CEO, but if there are 8 or 12 outside directors, SOME most likely would listen to the views of independent shareholders, whether large or small.

But this discrimination against small long-term shareholders should not be tolerated. We small stockholders are also VOTERS!!! No two classes of shareholders, and NO 1% or other unreasonable minimums for participation.

Finally, we would like to suggest that ONLY shareholders who have held their stock in their own name for five (5) years with a minimum of \$5,000 worth of that stock should be able to participate. That sounds reasonable and would eliminate any frivolous nomination of a shareholder (large or small) buying stock for the purpose of wanting to use the proxy statement for ANY resolution.

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