

COMMITTEE OF CONCERNED SHAREHOLDERS

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VIA EMAIL

August 9, 2003

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

Re: File No. S7-14-03 ("Proposed Rule: Disclosure Regarding Nominating Committee Functions and Communications between Security Holders and Boards of Directors")

Dear Mr. Katz:

The SEC's efforts with respect to this proposed Rule are seriously misplaced. As investor confidence in the securities markets is burning, the SEC is fiddling, by expending much valuable time and effort, with a proposed Rule that provides little or no useful benefit to Shareholders. Further, compliance with the proposed Rule would cause Shareholder assets to be needlessly expended.

On August 6, 2003, the SEC proposed proxy rule changes that would augment disclosure requirements as "better information about the way board nominees are identified, evaluated and selected is crucial for shareholder understanding of the proxy process regarding nomination and election of directors" and "better information about the processes of shareholder communications with boards lies at the foundation of shareholder understanding of how they can interact with directors and director processes."

The augmentation does not come anywhere near solving the fundamental problem --- Directors are substantially UNaccountable for their actions. The proposed Rule attacks symptoms of the problem, but not the cause. The new disclosures would not remove the fundamental conflict of interest --- Directors are beholden other Directors and/or the CEO, vis-à-vis Shareholders, for their position and their longevity. Further, all but the very largest Shareholders would still remain impotent to attempt to cure that problem. Their willingness to act in an effective manner on behalf of all Shareholders is questionable at best.

Writing proxy material setting forth "a company's process for identifying and evaluating candidates," "minimum *qualifications* and standards that a company seeks for director nominees," "whether a company *considers* candidates ... put forth by shareholders and, if so, its process," and/or "whether a company has *rejected* candidates put forward by *large long-term shareholders*" would only result in more legalese and obfuscation. (Emphasis added.) Corporations can always hire the most eloquent "spinners." [Note: There is an assumption that UNlarge Shareholders are incapable of suggesting qualified candidates. All members of Nominating Committees are UNlarge Shareholders.]

Shareholders are to be informed as to "whether a company has a process for communications by shareholders to directors," "whether communications are screened," and "whether material actions have been taken as a result of shareholder communications." As a matter of common sense, diligent Shareholders have always forwarded information/comments directly to Directors. There is no proposed Rule dealing with the current failure/refusal of Directors, CEOs and outside auditors to respond to such communications.

Shareholders do not need better "understanding of the proxy process regarding nomination and election of Directors" or "understanding of how they can interact with Directors and Director processes." Shareholders need a means to enforce Director accountability and to cure fundamental conflicts of interest. The new disclosures would do nothing to alleviate that need.

Very truly yours,

Les Greenberg, Chairman
Committee of Concerned Shareholders

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