



Dominican Sisters of Hope

July 23, 2007

Christopher Cox, Chair
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Commissioner Cox:

On behalf of the Dominican Sisters of Hope, I am writing to oppose the suggestion that the right of shareholders to sponsor advisory shareholder resolutions either be eliminated or further restricted. We urge the SEC to drop this concept before it gets to the proposal stage.

Since the 1970s, the Dominican Sisters have been active shareholder advocates through letters and dialogue with companies, sponsorship of shareholder resolutions and by voting proxies. For decades, this process has been a central means for formalizing communication between concerned investors and management on social, environmental and governance issues. We have integrated environmental, social and governance issues into our investment decisions.

As an institutional investor, the Dominican Sisters own shares of some three hundred large, mid and small cap companies. We strive to invest responsibly AND to hold management accountable for its impact on the environment e.g. GE and the PCBs in the Hudson; its impact on human rights e.g. Starwood Hotels and its efforts toward creating an atmosphere which prevents trafficking of children for sex and good corporate governance e.g. instituting sound performance goals to reward executive management.

One idea discussed was that advisory resolutions would be disallowed or further restricted but binding resolutions, such as by-law amendments, would be permitted. More than 95% of the shareowner resolutions filed in the last 35 years have been "advisory." They have had a profound and identifiable impact on business thinking and decision making in corporate boardrooms. In a manner of speaking, managements and Boards of Directors have taken voluntary actions. Legislation has NOT been needed.

Also under discussion is the level of shares necessary to own in order to file resolutions. At present an investor must have owned \$2,000 worth of shares for a year. An increase to keep up with inflation to \$5,000 or \$10,000 may be acceptable, but if the minimum number of shares to file rises to \$100,000 or \$250,000 you have essentially destroyed the right of small investors to be involved in sponsoring resolutions.

The voting threshold for resubmitting resolutions presently at 3% for the first year, 6% for the second and 10% for the third should be maintained. If the SEC reverts to a past proposal to establish thresholds at 10%, 20% or 30% for resubmissions, new issues which typically take some time to gain voting support

will be difficult to raise. Additionally, it often takes two or three years for managements and Boards to realize the business impact of the issues that we raise e.g. transparency on corporate political contributions.

A growing number of investors e.g. TIAA-CREF, CalPERS, New York City and State pension funds, religious investors, foundations, trade union pension funds, individuals and socially concerned mutual funds and investment managers engage companies in private dialogue and public persuasion, including filing shareholder resolutions, on hundreds of governance reforms and social and environmental issues. The business case is sound. While, currently, risk and liability are disallowed, management often listens to these concerns, too.

In addition, investors who do not sponsor resolutions and simply vote their proxies can attest to the importance of this process as fiduciaries since the SEC has noted that the proxy is an asset and needs to be treated accordingly.

The Dominican Sisters believe it is our fiduciary duty as an investor to raise questions when a company's governance or social record is putting shareholder value in jeopardy. And clearly the sponsorship of an advisory resolution is one way to address an issue.

The 14a- system of advisory resolutions that the SEC has established is too important and central to the U.S. system of corporate governance to allow corporations or states to "opt out" of these important mechanisms. In fact, good communication and engaged dialogue with investors often make resolutions unnecessary as numerous companies can testify. Unfortunately, too often management ignores repeated letters or calls but is prompted to act when they receive a resolution.

We strongly oppose any move to take away shareholder rights to file precatory resolutions.

Yours truly,



Valerie Heinonen, o.s.u.

Consultant, Corporate Social Responsibility

205 Avenue C, #10E

NY NY 10009

heinenen^{com}@juno.com 212 674 2542