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WILLIAM C. THOMPSON, JR.
COMPTROLLER

May 7, 2003

4-463

William H. Donaldson
Chairman
Securities and Exchange Commission
450 Fifth Street NW
Washington, D.C. 20549

RE: A Petition Before the Commission to Promulgate New Rules on Disclosure of Environmental Liabilities.

Dear Chairman Donaldson:

As Comptroller of the City of New York, I am a trustee of four of the five New York City pension funds (the "funds"), and the investment adviser to the five funds, with aggregated assets of over \$70 billion, most invested in the securities of publicly traded companies. The funds have a long history of active engagement with corporate management and boards to advance and protect our long-term investment interests. We believe that investors are better able to protect their investments when companies completely, accurately, and transparently disclose their financial risks, including environmental liabilities.

I write in support of the petition for rulemaking--SEC File #4-463-- which was submitted to the Commission by The Rose Foundation for Communities and the Environment. The petition requests the promulgation of two new rules to clarify the intent of the Commission's material disclosure requirements with respect to financially significant environmental liabilities, and to help ensure compliance with existing material financial disclosure requirements. Specifically, the petition proposes SEC adoption of new rules that would directly reference the American Society for Testing and Materials International (ASTM) 2001 Standard Guide for Disclosure of Environmental Liabilities [E 2173-01] and 2001 Standard Guide for Estimating Monetary Costs and Liability for Environmental Matters [E 2137-01].

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The adoption of ASTM standard [E2173-01] would significantly improve the likelihood that companies will disclose known environmental liabilities in their financial statements; and ASTM standard [E 2137-01] would significantly improve the accuracy of companies' estimated **costs** and liabilities of their environmental impacts.

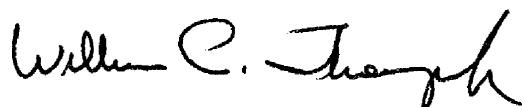
The arguments for improved standards are compelling. A 1993 report by the General Accounting Office ("GAO") entitled *Environmental Liability - Property and Casualty Insurer Disclosure of Environmental Liabilities*, pointed to the risk to investors posed by insurance companies' poor disclosure of Superfund toxic cleanup liabilities. According to the report, only two of the **top** sixteen publicly held property and casualty insurance companies disclosed in their 1990 annual reports dollar amounts related to environmental claims. Only three of the top sixteen disclosed dollar amounts related to environmental claims in their 1991 annual reports. However, five of the same insurance companies, in 1990 and eight in 1991, had stated that they were involved in potentially costly litigation involving environmental claims with potential negative financial impacts. The GAO reported that the companies claimed that they could not estimate the costs of the claims, suggesting a need for clearer standards **for** estimating costs of environmental liabilities.

The EPA's Office of Enforcement and Compliance Assurance, in 1998, found that 74% of companies failed to report in their 10-Ks environmentally related legal proceedings with potential monetary sanction in excess of \$100,000. The finding makes clear a gaping loophole in the existing disclosure standard, through which companies can hide pending environmental liabilities from investors.

I urge the Commission to clarify the intent of its material disclosure requirements with respect to financially significant environmental liabilities, and ensure compliance with existing material financial disclosure requirement by adopting the proposed new rules. Investors must be afforded the confidence of complete and accurate corporate disclosure of financially significant environmental liabilities.

I urge the Commission to act expeditiously.

Very truly yours,



William C. Thompson, Jr.

WCT/ks