

October 26, 2009

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International President
Service Employees
International Union (SEIU)

The Honorable Barney Frank
Chairman
House Financial Services Committee
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Spencer Bachus
Ranking Member
House Financial Services Committee
B371a Rayburn House Office Building
Washington, DC 20515

Dear Chairman Frank and Ranking Member Bachus,

On behalf of the worker pension funds affiliated with Change to Win, I commend you for supporting strong investor protections and urge you to reject proposed amendments to Congressman Kanjorski's Investor Protection Act (H.R. 3817) that would modify the existing requirements of Section 404 of the Sarbanes-Oxley Act. I further urge you to recognize the possible motivation of those who seek to weaken investor protections, in particular, the U.S. Chamber of Commerce, to protect the excesses and mismanagement of corporate assets that Section 404 has effectively lain bare.

Section 404 of Sarbanes-Oxley was enacted in the wake of accounting scandals at companies such as Enron, WorldCom and Qwest. To prevent a repeat of these scandals, Section 404 requires that all publicly traded companies maintain internal controls that meet certain minimum standards of effectiveness. The chamber has for many years advocated weakening these internal controls, claiming they undermine the competitive position of the U.S. capital markets. Much to the contrary, the huge losses suffered by shareholders over the past two years and other financial problems show that U.S. capital markets require clear rules and strict enforcement, not the *laissez faire* approach advocated by the chamber.

The chamber's public positions on investor protection, including the weakening of Section 404, parallel the personal interests of its president, Thomas J. Donohue. For example, Mr. Donohue has for more than a decade been a director of Sunrise Senior Living, a company that is currently under investigation by the SEC for accounting failures, insider trading and apparent stock options backdating. As Change to Win's recent report "Preaching Principle, Enabling Excess" documents:

Donohue's outrage against Section 404 rings especially hollow given his own failure to ensure that Sunrise Senior Living had adequate internal controls while he served on the company's audit committee from 1996 to 2008. As a result of widespread material weaknesses in its internal controls—weaknesses which Sunrise was compelled by Section 404 to disclose in March 2008—Sunrise failed to detect improper accounting for 10 years. When it finally detected the errors, the company was forced to slash previously reported net income from 1996 to 2005 by nearly half.

A copy of the executive summary of this report is enclosed, and a full copy is available at <http://www.changetowin.org/chamber>. The report demonstrates that Mr. Donohue has repeatedly engaged in questionable conduct and poor decision-making as a corporate director and that companies on whose boards he has served have, like Sunrise, been victims of alleged insider trading, apparent stock options backdating, accounting scandals and substantial shareholder losses.

Change to Win is a federation of five unions with 5.5 million members, which sponsor pension funds with more than \$200 billion in assets. Both the retirement savings these funds represent and the employment security of our members depend on the accuracy and transparency of corporate financial reporting.

The investor protections provided by H.R. 3817, and those already put in place seven years ago by Sarbanes-Oxley, are vital to restoring confidence in the U.S. financial markets, and thereby ensuring recovery from the economic crisis of the past two years. You should not be misled by Mr. Donohue and the Chamber of Commerce into believing that such investor protections somehow undermine our nation's economic position. Mr. Donohue and the chamber simply are not credible defenders of investor interests and you should not treat their recommendations as anything but the attempt by a special interest to protect its privileged position. We urge you to reject amendments to Sarbanes-Oxley Section 404, and to support Congressman Kanjorski's much needed Investor Protection Act.

Sincerely,



Anna Burger

Enclosure

Cc: House Financial Services Committee