

November 2, 2009

The Honorable Barney Frank
Chairman, House Committee on Financial Services United States House of
Representatives
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Spencer Bachus
Ranking Member, House Committee on Financial Services United States House of
Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Frank and Ranking Member Bachus:

As a strong supporter of efforts to improve corporate governance and investor rights, I am alarmed to see that the U.S. Chamber of Commerce has launched a full-court press to defeat Representatives Maxine Waters' and Gary Peters' amendment to the Investor Protection Act of 2009, affirming the Securities and Exchange Commission's (SEC) authority to adopt a uniform proxy access rule. And yet U.S. Chamber President Tom Donohue's own record as a director of four scandal-ridden, publicly-traded companies exemplifies why you should support this amendment. In that role, he has served on boards that approved misdated stock options and indefensibly high executive pay, often in the face of illusory profits based on improper accounting and massive shareholder losses.

On behalf of Change to Win, I therefore urge you reject the false assertions in the Chamber's October 27 opposition letter and to support the Waters/Peters amendment. The Chamber's false rhetoric notwithstanding, its opposition to proxy access—and to financial reform in general—is not pro-business, pro-jobs or pro-economic growth. It is pro-CEO. Under Mr. Donohue's leadership, the Chamber reflexively opposes reforms to make directors more accountable, CEO pay more transparent, financial statements more reliable, and financial risk and accounting fraud more difficult to conceal.

The Chamber's credibility as a voice for American business is further compromised by Tom Donohue's service on the boards of companies that have engaged in the very practices that underscore the need for genuine director accountability. That is the conclusion of the enclosed report, "Preaching Principle, Enabling Excess: How Tom Donohue Compromised the Credibility of the U.S. Chamber of Commerce." Among the examples highlighted in the report,

- Mr. Donohue sat on the Qwest board that BusinessWeek named to its list of Worst Boards in 2002, citing an expert who called the compensation committee on which Donohue served "comatose for paying ex-CEO Joe Nacchio \$88 million in 2001. Nacchio is now serving six years in federal prison for insider trading at

Qwest, a conviction the Chamber unsuccessfully urged the U.S. Supreme Court to overturn earlier this year.

- Mr. Donohue is a longtime director of Sunrise Senior Living, which overstated ten years' of earnings by 94% and misdated stock options. A two-year SEC investigation into Sunrise's accounting practices, insider stock sales and the timing of stock option grants was ongoing as of its most recent quarterly filing with the SEC. Sunrise recently paid \$13.5 million, without admitting to liability, to settle shareholder litigation alleging that Donohue himself was among the Sunrise insiders who received backdated options and engaged in insider trading.
- When shareholders responded to the Sunrise board's accounting and compensation failures in October 2007 by withholding a majority of votes from Craig Callen, one of the few directors then standing for election, Mr. Donohue and his fellow directors reseated him anyway.

Sunrise's 2007 director election demonstrates the underlying obstacle to real director accountability that a uniform proxy access rule would address: the current incumbent-controlled corporate election process. By enabling shareholders to exercise more effectively their existing rights under state law to nominate directors, the SEC's proposed proxy access rule would both enhance board of director performance and accountability and lessen investors' dependence on regulatory oversight. The financial crisis has highlighted the urgent need to make operable this market-based mechanism.

While we are among the many parties who believe the SEC already has the authority to adopt a proxy access rule, the Waters/Peters amendment is essential to limit the unnecessary, costly and time-consuming litigation that would otherwise result from a likely legal challenge by the Chamber. I urge you to support this crucial amendment.

Change to Win (CtW) is a federation of five unions with 5.5 million members. Members of CtW unions participate in the capital markets as individual investors and through a variety of benefit plans with roughly \$3 trillion in assets, including union-sponsored pension funds with more than \$200 billion in assets. Both the retirement and job security of CtW union members depend on strong corporate performance made possible by robust corporate governance, the predicate to which is an effective and accountable board of directors.

Thank you for your consideration.

Sincerely,



Anna Burger
Chair

Enclosure

CC: The Members of the House Committee on Financial Services