

February 25, 2010

The Honorable Christopher Dodd
Chairman
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Richard Shelby
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Dodd and Ranking Member Shelby:

As groups representing millions of Americans that comprise a center-right coalition, we are writing to oppose provisions mandating “proxy access” in the discussion draft of Chairman Dodd’s “Restoring American Financial Stability Act of 2009.”

“Proxy access” – forcing companies to subsidize the director campaigns of certain shareholder nominees – would benefit special interests with political agendas at the expense of ordinary shareholders. Groups with political motivations could also use the threat of director nomination to push through agendas that advance their own political interests but destroy shareholder value.

Through pension funds, labor unions and other anti-market interest groups have significant stakes in major corporations as well as entrepreneurial new firms. A proxy access rule would allow them and other activists to achieve through the board nomination process what they have been unable to accomplish through the political process.

Unions would use this leverage to win card check and neutrality agreements, allowing them to unionize companies without secret ballot elections. They could also put pressure not only on the companies they have stakes in but also their partners and suppliers.

The implications go far beyond unions. Everything on the anti-market political wish list from cap-and-trade carbon restrictions, to animal rights activism, to interfering with defense contractors to advance foreign policy objectives would be possible. These initiatives, whatever their merits, belong in the political arena, not in corporate boardrooms where the focus should be on maximizing shareholder value.

Special-interest shareholders of media companies would also have a wedge to demand the firing of “politically incorrect” personalities, chilling policy debate.

The provisions also breach longstanding traditions of federalism. For more than 150 years, director elections have been governed exclusively by the states. Dissident shareholders can and do mount proxy fights under current rules to challenge company-nominated slates of directors, but they do so by distributing their own proxy materials at their own expense. This helps to encourage nominations of directors dedicated to improving the bottom line for all shareholders, rather than promoting the interests of a specific group.

For these reasons we urge you to stand up to the special interest pressure pushing for proxy access, strip these provisions from the bill, and allow existing state laws to govern director nomination and election.

Sincerely,

Jim Backlin, Vice President of Legislation, **Christian Coalition of America**

John Berlau, Director, Center for Investors and Entrepreneurs, **Competitive Enterprise Institute**

Andresen Blom, Executive Director, **American Principles Project**

David Bossie, President, **Citizens United**

Susan Carleson, Chairman and CEO, **American Civil Rights Union***

Richard Falknor, Chairman, **Maryland Center-Right Coalition**

William Greene, President, **RightMarch.com**

Aloysius Hogan, Director of Government Relations, **English First**

Andrew Langer, President, **Institute for Liberty**

Colin Hanna, President, **Let Freedom Ring**

Jim Martin, Chairman, **60 Plus Association**

Grover Norquist, President, **Americans for Tax Reform**

Dick Patten, President, **American Family Business Institute**

Tim Phillips, President, **Americans for Prosperity**

Don Racheter, President, **Iowa Association of Scholars**

Jack Wheeler, President, **Freedom Research Foundation**

Mark Williamson, President, **Federal Intercessors**

* Group listed for identification purposes only

Cc:

The Honorable Robert Corker

United States Senate

Washington, DC 20510