The Hon. Luis A. Aquilar, Commissioner
Security and Exchange Commission
SEC Headquarters
100 F Street, NE
Washington, DC 20549

July 12, 2009

Dear Sir:

This is in reference to your comments in a speech dated July 1, 2009 when the SEC was considering the proposed rulemaking for *Shareholder Approval of Executive Compensation of TARP Recipients*. Your comments actually pertained to the SEC's request for comments about the *Enhanced Director and Nominee Disclosure* (released July 10, 2009), specifically as to "diversity."

The Commission asked: "Could requiring more director and nominee qualification disclosure in any way hinder a company's ability to find potential candidates for the board? If so, explain how."

I offer you my conclusions based on a close review of the 137 page document, Proposed Rule 33-9052 **Proxy Disclosure and Solicitation Enhancements**. I also enclose a copy of my book, *Outstanding In Their Field: How Women Corporate Directors Succeed* (Praeger: June 2009) to demonstrate how effective is the current disclosure infrastructure, whether one reviews proxy materials, publicly available press releases, corporate web sites, or generally available Internet resources. In brief, my argument is that attempts to superimpose an artificial "diversity" standard on boards of directors or on director candidates will have a chilling effect which likely will reduce the number of qualified, capable, willing and able individuals, those of diverse perspectives, from pursuing public company board of director roles.

1. Diversity is a poorly defined term. Is the SEC capable of specifically defining diversity that is appropriate for all sizes of firms, all industry categories, all employee classes or types?

2. In fact, by requiring a 5 to 10 year look back in the proposed enhanced nominee and director disclosure, the SEC will unintentionally penalize those members of traditionally under-represented groups by requiring them to leap over a much higher barrier of personal and professional disclosure than has been required of all their predecessor directors. This will discourage nominees who otherwise might bring fresh, independent perspectives into our corporate board rooms.

3. The burden on new entrants to the director candidate marketplace will be onerous, much like the specific certification requirements imposed historically on WMDV businesses (women, minority, disabled, veterans and now, LGBTs) who would be asked to pay a premium to participate in the director candidate pool. They are all being held to a higher standard because of the past failure of the marketplace to function in a free and open manner.

4. Many new entrants to the director candidate marketplace have invested significantly in educations, experience, personal and professional development in order to overcome historic bias and prejudices in the marketplace. Now, just as they have reached a pinnacle of success,

ignoring past discrimination, the SEC is asking them to re-state and re-affirm their diverse status after they spent years overcoming those second class status labels.

5. Many candidates do not consider themselves "different" except as to the independence of their business perspectives. The SEC's tougher new disclosure expectations may exclude many capable candidates who choose not to select a particular ethnicity, sexual preference or racial categorization.

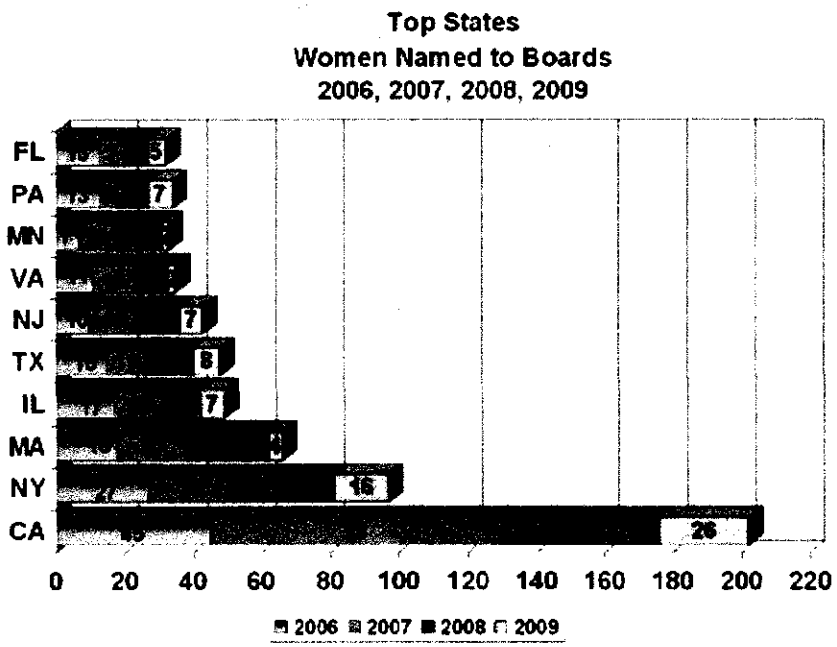
6. The concept of "value added" by specific "diversity" representation is poorly supported by research studies. The subject of women on boards of directors alone is rife with misconceptions as to correlation vs. causation, errors of sample size or stratification, selection of too short time periods and data sampling biased by economic booms. Allegations of "greater profitability" associated with increases in selected diversity members (e.g., women-occupied board seats) is more "urban legend' than solid research. Most egregious are studies that do not factor in or out or explain other contributing forces such as the stronger possible influence of other directors who brought the women on board.

7. Even in judicial considerations, as recently exemplified by the debate over Supreme Court nominee Sonia Sotomayor, we are questioning the wisdom of trying to use limited and arbitrary diversity criteria as an effective measure of an individual's career and life contributions.

8. Proposition 209 is a 1996 California ballot proposition which amended the state constitution to prohibit public institutions from considering race, sex, or ethnicity. Michigan has a similar law. While the constitutional prohibition generally is binding on public institutions rather than public companies, shareholder nominations that require specific consideration of race, sex or ethnicity (or other arbitrary forms of diversity) in the director nomination process might constitute a violation of state laws.

9. Interestingly enough, California leads all other states by a significant margin in the number of women added to public company corporate boards of directors (based on monthly data, tracking press release announcements, from NewsOnWomen.com). And California has done so for the past 4 years (in spite of the existence of Prop. 209). (See the chart below.) California's investment pool (venture capital), its impressive educational resources, and its entrepreneurial foundations provide better explanations for the large number of women added to boards (from all over the country and around the globe, not merely within the state).

My research (as summarized in my book, *Outstanding In Their Field*) documents positive trends in the selection and inclusion of women on public company corporate boards NOT because companies focused on simplistic, vague diversity surrogates, but rather because nominating and governance committees were searching for qualified, capable team members to help craft effective long-term strategic growth plans and manage effectively in today's tougher new regulatory environment.



The SEC and the financial community might consider increased investments to foster more and better continuing director and governance educational programs at business schools and executive education outlets. Not enough graduates are learning about quality governance compared to how to speculate and hedge.

A better investment than diversity quotas would be substantive improvements in the quality and content of research supported by financial literacy grants such as FINRA's Foundation (which currently is grossly under-investing in our shareholders' and citizens' financial competence).

Too much of the research settlement funds are going to promote ideas about how best the financial industry can market their products to naïve populations.

A better investment than diversity quotas would be to support efforts such as the NACD's challenge to corporate directors, stronger principle based governance expectations, and greater compatibility of accounting rules across developed economy global boundaries.

In conclusion, I encourage you to review how extensive is the publicly available information about directors should one simply go and look at the available credentials. It does not guarantee, however, that our high school graduates know or understand the difference between the Fortune 500 or the Fortune 1000. It does not guarantee they know how to read a DEF 14A, let alone access it on your SEC web site.

As a professional woman who worked and lived during the era of historic attempts to "right the wrongs of history," I would not wish on my sisters or their daughters that we take one tiny step backwards to those days of failed attempts to establish diversity quotas. We all lose when a few people raise the gates higher.

Respectfully submitted

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In reference to Commissioner Aguilar's written comments:
http://www.sec.gov/news/speech/2009/spch070109laa.htm

"I would like to highlight one additional topic. The release before us also solicits comments concerning disclosures related to board diversity. Because of the importance of boards of directors, investors increasingly care about how directors are appointed, and what their background is. This is especially true as American businesses increasingly compete in both a global environment, and in a domestic marketplace that is, itself, increasingly diverse. In this ever more challenging business environment, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to a company's success.

It should be no surprise that studies indicate that diversity in the boardroom can result in real value for companies — and for shareholders. It also should be no surprise that many investors — from individual investors to sophisticated institutions — have asked the Commission to provide for disclosures about the diversity of corporate boards and a company's policies related to board diversity.

Like these investors, I care a great deal about diversity in corporate America, including in the board room. Accordingly, this proposal raises the issue of whether investors and other market participants believe that diversity in the boardroom is a significant issue. We are soliciting comment on whether we should amend our rules to provide for disclosure of whether diversity is a factor a nominating committee considers when selecting someone for a board position. We also seek comment on whether we should amend our rules to provide for additional or different disclosure related to diversity."