

2009 July 28

**Re: Release Number: 34-60218, File No. S7-12-09**

Ms. Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Dear Secretary Murphy:

Aquinas Associates provides consulting services to numerous institutional and individual investors regarding corporate responsibility. **The events of the last few years, especially regarding the financial crisis, is an example of shameful corporate practices and it is refreshing to see that the SEC is also concerned.**

We are writing to submit comments on the Securities and Exchange Commission's proposed rule entitled "Shareholder Approval of Executive Compensation of TARP Recipients" which was issued July 1, 2009 as Release Number 34-60218, File No. S7-12-09

We strongly support all three measures proposed to improve corporate governance and enhance investor confidence in a broken system wherein corporations ignore legitimate investor attempts to discuss important issues with management.

We have approached many of the TARP recipients in the past about financial disclosure and credit practices and they rebuffed our efforts. **We were right and they were wrong!** Providing shareholders with the ability to have serious discussions with management is fundamental to the process to provide capital to companies.

We are writing in support of the proposed rule "Say on Pay" requiring Troubled Asset Relief Program (TARP) recipients to provide shareholders with an annual advisory vote on executive pay in their proxy solicitations. And, we also suggest that the SEC extend the "Say on Pay" Advisory Vote requirement to all publicly traded companies.

The Commission's effort to enhance disclosure of executive compensation in their proxy statements is a great idea which we support. Perhaps the disclosure should be at the 12<sup>th</sup> grade reading level because those paid to help write these disclosures may get carried away to earn their pay and write at a higher level to obfuscate the material.

We appreciate the SEC's approval of a change to the NYSE rule which prohibits brokers from voting proxies in corporate elections without instructions from their customers. The rule allows brokers to resist corporate pressure for favorable votes.

Our organization has long held the position that public companies should provide a separate shareholder vote in proxy solicitations. Although this requirement is essential during this period in which TARP assistance may be outstanding, the lessons of the past year demonstrate opportunities for shareholder input regarding the incentive systems in place at public companies will help restore badly damaged investor confidence. We agree with the clarifications regarding the annual meeting solicitation, advisory (non-binding) nature of the vote and that smaller companies do not need to provide a compensation and analysis section in their proxy statements. We believe that the best way to provide such a vote is in the form of a management sponsored resolution such as the usual approach to ratify auditors.

The following Proxy Disclosure and Solicitation Enhancements proposed are good.

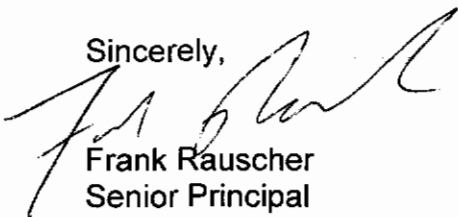
1. Define the relationship of its overall compensation policy to risk
2. Disclose the qualifications of its directors, executive officers and nominees
3. Describe the company's leadership structure, and
4. Disclose potential conflicts of interest of compensation consultants.

**We note that the SEC commissioners have a female majority while over 10% of the Fortune 500 companies had no (Zero, Zip, Nada) female directors last century and have none so far in this century.** Therefore, we support the expanded attention to board diversity as companies disclose board qualifications, as well as applauding the particular attention to the role of compensation consultants.

And finally, we appreciate the Commission's support of the NYSE proposal to eliminate broker discretionary voting for all elections of directors, whether contested or not. We agree that adding "election of directors" to the list of enumerated items for which a member generally may not give a proxy to vote without instructions from the beneficial owner, is a long overdue change.

We appreciate the Commission's efforts to support investor enfranchisement in this time of investor concern. The changes discussed during the July 1, 2009 hearing have been long-awaited by engaged investors such as Aquinas Associates and we look forward to further enhancements to the regulatory platform.

Sincerely,



Frank Rauscher  
Senior Principal  
Aquinas Associates

Cc: Commissioner Mary Schapiro  
Commissioner Kathleen L. Casey  
Commissioner Elisse B. Walter  
Commissioner Luis A. Aguilar  
Commissioner Troy A. Paredes

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