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JUN 21 1972
OFFICE OF THE DIRECTOR
CORPORATION FINANCE
June 16, 1972
CHAIRMAN'S OFFICE

Mr. W.J. Casey, Chairman Securities & Exchange Comm.
500 North Capitol Street, N.W.
Washington, D.C. 20549

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JUN 20 1972

Dear Mr. Casey:

SEC. & EXCH. COMM.

Today I received a letter from Peter J. Romeo, attorney adviser, in response to my letter of May 21, 1972 to you.

In my letter of May 21, I inquired why SEC permitted attacks upon corporations with adverse effects upon investor shareholders by ideologues. I referred specifically to Gulf Oil Corp. and General Motors, merely as an illustrative example of my complaint which by no means is limited to SEC treatment of these two companies.

Mr. Romeo replies, "As you may know, our shareholder proposal rule (i.e., Rule 14a-8 of proxy rules) is designed to strike a sensible balance between the rights of the individual shareholder to present his views to other shareholders and the right of the corporation's management, on behalf of all shareholders, to be free of improper resolutions, personal grievances and other matters that would take up time and money without producing any benefit within the corporation."

I am sure you will agree that this does not answer my question. I haven't the slightest idea what rule 14a-8 says. However, I do know the agency responsible for making the rules and administering them. It is th that aspect of the problem that my question was addressed. Is there a logical explanation of how the SEC determined a sensible balance of the rights of the ideologue shareholder, the corporation, and the investor shareholders in the case of General Motors and Gulf Corp. 1972 proxy statements?

I am sure that SEC is well aware of the fact that The Project on Corporate Responsibility, Inc. which owns 12 shares of General Motors is definitely opposed to the objectives and interest of the corporation as well as the interest of 1,315,000 investor stockholders who own 286,256,520 shares. Does it seem reasonable that this organization's proposal to split up the corporation is made with any other than its own selfish interest? Similarly, why should the Episcopal Church which may itself be breaking the law as a tax exempt entity and whose motives are questionable, be permitted to request the corporation to withdraw from the Republic of South Africa or any place else on the face of this earth if it is conducting a lawful business. Such demands are ridiculous and are not in the best interest of the corporation or the other 1,314,999 shareholders. Likewise Lewis Maddocks, Executive Director

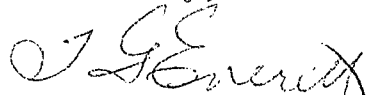
of the Council for Christian Social Action, United Church of Christ, beneficial owner of 5 shares of Gulf Corp. was not expressing his views in the interest of the investor shareholders but merely furthering his own ideological interest. Upon inquiry, Dr. Maddocks advised me: " The CCSA bought 5 shares of stock in Gulf Oil Company to challenge it - like any other institution in our society - to become sensitive to its social responsibilities. When the Federal Government exerts undue power which threatens public social interest, the church has a responsibility to hold it accountable to God."

May I call your attention to the fact that 14½ pages out of 64 pages of General Motors proxy statement was devoted to ideologues harassment of the corporation. With the Gulf Corp. 25% of the printed matter was devoted to ideologues interests. As a retired investor shareholder of these and other registered companies I object to the SEC permitting the Ideologues to have printed and circulated at company expense their views which are neither in the best interest of the corporation or the investor shareholders. I feel very strongly about this subject and so do many of my friends in American Association of Retired Persons.

Although I think SEC has fallen on its face in the aforementioned area, I certainly wish to commend it for a good job in other areas. Over the years it has established and enforced high standards in security transactions and the ethics of Security Dealers as well as the regulation of new registrants and maintenance of reliability of corporate disclosure of pertinent facts and data in published reports. It is for these reasons that I am particularly disturbed about the laxity in SEC Administration which permits these ideologues to continue the unethical practice of circulating their self interest views which are adverse to those of the corporations and investor shareholders.

It is most urgently requested that you adopt rules which will make the Ideologue shareholders responsible for full disclosure and/or omissions of pertinent facts about themselves and make them subject to suit by SEC for violations the same as corporate officers are for false or misleading statements or conflict of interest. Furthermore, they should have to pay a proportionate share of proxy cost, same to be refunded by the corporation if their proposal is adopted at the shareholders meeting. Your views on these suggestions will be appreciated.

Sincerely,


Tolman G. Everett