

[Securities Regulation Daily Wrap Up, PROXIES—Investor advocates criticize AT&T for disallowing virtual presentation of shareholder proposals at annual meeting, \(Apr. 24, 2020\)](#)

Securities Regulation Daily Wrap Up

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The organizations expressed concern that AT&T's action may violate federal proxy rules and state law.

A group of investor organizations and the executive director of the Democratic Treasurers association have written to AT&T objecting to the company's decision not to allow shareholders to present their shareholder proposals at the company's virtual shareholder meeting on April 24. According to the [letter](#), AT&T's alternative—requiring that shareholders authorize the company to present their proposals on their behalf—may violate SEC regulations governing proxies and the Delaware General Corporation Law.

Shareholder meeting. In March, in light of the COVID-19 pandemic, the SEC [relaxed](#) shareholder meeting requirements and outlined what steps a company should take if it conducts a virtual or hybrid shareholder meeting. A number of states have also issued executive orders or adopted legislation permitting companies to conduct their annual shareholder meetings remotely, including [Arkansas](#), [California](#), [Connecticut](#), [Delaware](#), , [Iowa](#), [Louisiana](#), , [Massachusetts](#), [Mississippi](#), [New Jersey](#), [New York](#), [North Carolina](#), [Rhode Island](#), and [Wisconsin](#).

AT&T's April 24 meeting was originally slated to take place in Dallas, but AT&T announced that the meeting would be held virtually due to the pandemic. AT&T said that it would require shareholders to provide the company with a 100-word written statement for the company to read to introduce the proposal on the shareholders' behalf, rather than allowing the shareholders themselves to present their proposals.

Questionable legality. According to the group's letter, requiring shareholders to authorize the company to present a proposal on their behalf may violate Section 14 of the Exchange Act and Rule 14a-8. Rule 14a-8 requires shareholders (or their qualified representatives under state law) who submit proposals to present them at the shareholder meeting. The group emphasizes that, far from simply being a formality, this requirement is an important opportunity for dialogue and an exchange of views. The letter also notes that Rule 14a-8(h) does not require that shareholders authorize the company to present their proposal.

In addition to questioning whether AT&T's requirement violates federal law, the letter voices the group's concern that it may violate Delaware General Corporation Law Section 211 to require shareholders to appoint the company as their representative at a virtual shareholder meeting. Section 211 requires virtual shareholder meetings to provide shareholders with the means to participate via remote participation. In the group's view, this includes the ability of shareholders to present their proposals by telephone or other electronic means.

The Council of Institutional Investors (CII), one of the signatories to the letter, issued a [statement](#) in March indicating that while it has generally opposed virtual-only shareholder meetings in favor of a hybrid approach, given COVID-19 concerns, it would be "entirely reasonable" that some companies would hold virtual-only annual meetings. The other signatories to the letter were the Shareholder Rights Group, the AFL-CIO, The Forum for Sustainable and Responsible Investment, and the Interfaith Center on Corporate Responsibility, as well as David Wallack, executive director of the Democratic Treasurers Association.

Media reports indicated that the three proposals presented at AT&T's meeting today were defeated by a wide margin.

Companies: AT&T, Inc.; Council of Institutional Investors; Democratic Treasurers Association; Shareholder Rights Group; The Forum for Sustainable and Responsible Investment; Interfaith Center on Corporate Responsibility

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