

[Securities Regulation Daily Wrap Up, TOP STORY—Clayton ‘duped’ by fraudulent proxy rule comments, senator claims, \(Dec. 10, 2019\)](#)

Securities Regulation Daily Wrap Up

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Public comment letters tied to "dark money" deceived the SEC chairman on the importance of proxy advisory reform to Main Street investors, according to Maryland Sen. Van Hollen.

SEC Chairman Jay Clayton faced tough questioning from a member of the Senate Banking Committee on the Commission's proposal to require proxy advisory firms to allow issuers to review the advice for factual errors or methodological weaknesses before giving the report to clients. In comments following Clayton's [testimony](#) before the Committee on SEC oversight, Sen. Chris Van Hollen (D-Md) said he was "troubled" by the [proposal](#), which he regards as reflecting a top priority of corporate executives who do not want to be second-guessed by proxy advisors.

Senator Van Hollen further stated that Chairman Clayton had been "duped" into issuing a [public statement](#) that the proposal reflects concerns of Main Street investors. "When you rolled this out, you attempted to create the impression that this was something a lot of Main Street investors care about," Van Hollen said. "I can tell you, I sit on the Committee, I've served in the House, I've been in the Senate. I've not had a Main Street investor ever come up to me and say this is a concern of theirs."

Instead, Van Hollen suggested, Clayton had been deceived by a series of comment letters that were either fraudulent or written at the behest of the 60 Plus Association, a "dark money" group that seeks to advance corporate interests on this issue and whose donors include Chevron and Exxon. The Maryland senator referenced a Bloomberg article which reported that some of the comment letters cited by Clayton as representing the views of "long-term Main Street investors" were either not written by the individuals whose signatures they carried or were authored by relatives of the chairman of 60 Plus Association.

"You didn't intentionally deceive anybody," Van Hollen stated. "But the letters that you used to make the case that this was for Main Street investors were in fact orchestrated by a group that is funded by some of the very big corporations that are pushing hard for the rule, and that's a deceit on the public. You became the vehicle for that and I hope you will make it very clear that you find that outrageous," Van Hollen continued.

Ranking Member Sherrod Brown (D-Ohio) also expressed misgivings about the SEC's proxy advisory proposal. Brown characterized the SEC's recent proposed rules on proxy advisors and shareholder proposals as examples of the Trump Administration "taking the side of corporate interests over Americans struggling to save and invest for their future" and making it more difficult for investors to hold corporate executives accountable. "The SEC says the changes are necessary because of errors and inaccuracies, but you've provided scant evidence of those errors," Brown said. "Instead, the new rules would give companies a new tool to intimidate proxy advisors and threaten their independence."

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