October 19, 2004

RE: SEC File # 4-463

Improved disclosure practices are a key part of restoring investor confidence in America's capital markets. As a necessary part of restoring that confidence, and to help implement the recent Congressional mandate for accounting reform represented by the Sarbanes/Oxley Act, I write to urge the Commission to clarify and tighten standards for the reporting of financially significant environmental liabilities.

Specifically, I direct the Commission's attention to the rulemaking petition (SEC File # 4-463) submitted by the Rose Foundation for Communities and the Environment and supported by numerous mutual funds, labor, and charitable organizations. That petition recommends the adoption of standards developed by the respected professional engineering association, the American Society of Testing and Materials, for evaluating and disclosing environmental liabilities, and comes on the heels of extensive requests to the Commission from many investors urging attention to environmental and social disclosure.

Commission action to guide the reporting of financially material environmental liabilities is needed because these liabilities are regularly under-reported by SEC registrants. For example, in March 2001, the United States Environmental Protection Agency released a report that demonstrated that 74% of companies facing environmentally-related legal actions contemplated or initiated by a governmental agency seeking $100,000 or more, do not adequately disclose these liabilities to shareholders as mandated by SEC Regulation S-K, Item 303. The same report showed that 96% of publicly traded companies facing Resource Conservation & Recovery Act corrective actions failed to accurately disclose these liabilities. Companies failing to adequately report environmental liabilities often seek to justify their conduct by maintaining that such liabilities are difficult or impossible to quantify. Many companies also currently hide environmental liabilities from investors by practicing piece meal accounting – where each environmental liability is evaluated in isolation and deemed immaterial, even if the sum of all environmental liabilities is huge.

The new environmental and reporting guidelines developed by the American Society for Testing and Materials would close these loopholes. By incorporating these consensus-based, industry-generated standards, the Commission would enhance investor confidence by helping to ensure that material environmental liabilities are accurately and consistently reported. I urge the Commission to initiate rulemaking to define environmental materiality based on the ASTM guidelines as soon as possible.

Sincerely,

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