

### *Support for The Brokaw Act*

“The ‘activist’ business model is designed to take from those that work hard to build long-term value creating enterprises. Value creating enterprises are built on trust and commitment between customers, long-term shareholders, employees, and communities. An activist works to undermine that trust. The “activist” has no responsibility or accountability for what they say or do as they attack our public companies. Manufacturing, in particular, is capital intensive with long time lines between the idea and production with a need to continually reinvest to support growth and be competitive. The former Wisconsin based Wausau Paper, which was over 100 years old, is a good case study in the tactics and consequences of an activist attack. Activists are having a chilling effect on reinvestment in the United States as they threaten companies and advocate reduced investment through share-buybacks versus investing to build long-term enterprises. This timely legislation attacks the tools that enable the activist. It is welcome.”

**Henry C. “Hank” Newell, Former CEO of Wausau Paper**

“Activist hedge funds often push companies to engage in financial engineering instead of investing in research and development, growth and other productive activities. They demand that companies cannibalize themselves in the pursuit of short-term profits. Senator Baldwin’s legislation will help to shine a light on some of the worst of this activity.” **Heather L. Slavkin Corzo, Director, Office of Investment, AFL-CIO**

“Almost a decade after the financial crisis, investment by American businesses remains severely depressed by historical standards. There is clear evidence that at many corporations, pressure from financial markets for quick payouts is holding back investment for the future. Changes in securities regulation and in the structure of financial markets have increased the power of activist investors, who use that power to reward managers who increase dividends and share buybacks, and punish those who fail to do so — even when those payouts come at the expense of the company’s long-term prospects. Bringing corporate investment back to a level that will support adequate demand and employment in the present, and innovation and productivity growth for the future,, will require shifting the balance of power within the corporation away from shareholder activists and back toward other stakeholders. Passage of the Brokaw Act will be a useful step in that direction.” **J. W. Mason Ph.D., Assistant Professor of Economics at John Jay College, CUNY, Fellow at the Roosevelt Institute**

“While hedge funds have grown to be significant market players, regulatory reform has not kept pace. This leaves so-called activist hedge funds with free rein to exploit loopholes in half-century-old legislation. These hedge funders are doing more than making a buck; they are destabilizing communities and rigging our economic system on the backs of hardworking American families. I applaud Sen. Baldwin for introducing legislation that would prevent hedge funds from secretly amassing large stakes in American companies—predatory behavior that threatens the growth of these job-creating businesses and the communities who that rely on their economic viability.” **Randi Weingarten, President, The American Federation of Teachers**

"Too many hedge fund billionaires get rich just by finding a new scheme to extract wealth from working people or mom and pop investors. The Brokaw Act would block some of hedge funds' favorite methods of stripping companies of value and getting rich by weakening our overall economy. We need more of this kind of leadership from all branches of government to root out these exploitative practices and reassure Americans that someone is fighting for them against reckless greed on Wall Street." **David Segal, Executive Director, Rootstrikers at Demand Progress**

"The Securities and Exchange Commission has failed to act on this important issue, notwithstanding the fact that Congress went out of its way in the *Dodd-Frank Act* to give it authority to do so. Recent developments have demonstrated that true transparency in this area – meaning timely, accurate, and well-enforced public accounting of acquisitions - is critical to maintaining fair markets for ordinary American investors and businesses." **Noah Bookbinder, Executive Director, Citizens for Responsibility & Ethics in Washington (CREW)**

"Again and again, activist hedge funds have used sneak attacks to accumulate large stakes in public companies and then cashed out quickly at the expense of workers, communities, and the long-term viability of the company itself. The Brokaw Act is a sensible and badly needed response to this problem. With the introduction of their bill, Senators Baldwin and Merkley have struck an important blow against the immediate-profits-at-all-costs mentality that has become such a huge obstacle to long-term investment in our country." **Americans for Financial Reform**

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