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## 2022BCDCC-CORP-202203--- Reinstate Total Ban on Stock Buybacks by Publicly Traded Firms

Whereas Stock Buyback process has been abused since it was loosed in 1982 (SEC Rule 10b-18) under President Reagan and reinforced by additional changes in 2003 to enrich an inner circle of executives at the expense of the well-being of the company's future,(1) (2) and prior to the 1982 rule change corporate, stock buybacks were considered market manipulation(3);

Whereas these buybacks have enabled executives to consume up to ½ of their revenue to increase the price of their shares while increasing the Earnings Per Share (EPS) statistic critical to ensuring their bonuses while starving the firm for investment in their future; (3) and these buybacks consumed more than \$4.3 Trillion between 2009 and 2018 alone;

Whereas cash would better be used to invest in the future capability of the company, pay employees bonuses, and ordinary shareholders bonus dividends. Whereas cash distributed as bonuses are taxed at higher levels than long term capital gains on sale of stock the national budget is supported;

Whereas the impact of these executive decisions at General Electric (\$42 billion) and underfunded employee pensions by \$32 Billion, and Boeing mgt spent \$50 Billion while cost cutting the resulted in MCAS& SC Assembly plant debacle;

Whereas these rules have increased inequality within our society, “ Over 60 percent of white families own some stock, directly or through mutual funds or retirement accounts, but two-thirds of Black families and three-quarters of Latinx families [have absolutely no stock holdings at all](#). The typical value of these investments by those Black and Latinx families is only \$15,000 — less than one-third the typical \$50,000 holdings of white families.”

Be it Resolved that:

Washington state democratic party will work with Washington state Governor and our elected US Congress persons and SEC Chair to ban stock buy backs by rescinding SEC rule 10b-18 and pass laws to prevent reinstatement;

Washington state democratic party will work to achieve a complete ban rather than focus on a small tax on buybacks;

State party will encourage US Congress persons to promote use of cash to invest in company capability, employee bonuses and shareholder bonus dividends as Seattle based PACCAR does.

1. SEC Rule C.F.R. 240.1710b-18
2. [https://thehill.com/policy/finance/391662-sec-commissioer-calls-for-update-to-stock-buybacks-rules, paragraph 10.](https://thehill.com/policy/finance/391662-sec-commissioer-calls-for-update-to-stock-buybacks-rules-paragraph-10)
3. Americans for Financial Reform,Tax Corporate Stock Buybacks that Enrich Executives and Worsen Inequality, November 2021, page 1 para 4 sentence 2

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4. Americans for Financial Reform, Tax Corporate Stock Buybacks that Enrich Executives and Worsen Inequality, November 2021; page 2 para 4. Sentence 3
  5. Americans for Financial Reform, Tax Corporate Stock Buybacks that Enrich Executives and Worsen Inequality, November 2021; page 1 para 6, sentences 3 & 4.

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Chair, Benton County Democratic Central Committee

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Secretary, Benton County Democratic Central Committee