

2020BCDCC-CORP-20210325- Reinstatement 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 to enrich an inner circle of executives at the expense of the well-being of the company's future, (1)

Whereas these buybacks have enabled executives to squander cash 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; (2)

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, by CEO Immelt, who spent \$45 Billion of Cash raised by selling assets on stock buybacks while leaving the employee pension \$32 Billion underfunded.

Whereas the impact of these executive decisions at Boeing Company, who spent \$50 Billion of Cash while leaving Boeing's system design (MCAS system) and Manufacture (SC Plant) underfunded resulting in the MCAS debacle and plane rejected by Military and commercial buyers due to trash in critical areas like metal shards in the control system wiring harnesses.

Whereas many other firms have done the same to benefit executives at the expense of ordinary shareholders and employees and client organizations (2).

Be it Resolved that:

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

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 10b-18

2. <https://thehill.com/policy/finance/391662-sec-commissioer-calls-for-update-to-stock-buybacks-rules>

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Chair, Benton County Democratic Central Committee

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