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## **SEC Facing Lawsuit over Decision to Force Electronic Delivery of Shareholder Reports**

*Consumer Groups Join Paper & Print Communications Industry in Petitioning the U.S. Court of Appeals for the District of Columbia to Prohibit the SEC Decision, Pursuant to Several Investment & Securities Laws*

**WASHINGTON, D.C. (August 3, 2018)** – The [Coalition for Paper Options](#), whose members include [Consumer Action](#), the [National Consumers League](#), and the [National Grange](#), today joined Consumer Action, the American Forest & Paper Association, the Printing Industries Alliance and Twin Rivers Paper Company in filing a federal petition for review to stop Rule 30e-3, adopted June 4 by the Securities and Exchange Commission (SEC) to switch the default distribution method for annual and semi-annual mutual fund performance reports from mail to electronic delivery.

The petition for review, pending before the U.S. Court of Appeals for the D.C. Circuit, alleges that Rule 30e-3 is “arbitrary and capricious and otherwise not in accordance with the law, and does not promote protection of consumers or efficiency, competition, and capital formation.” Citing Rule 30e-3 as unlawful under the Investment Company Act, Securities Act of 1933, Securities Exchange Act of 1934, and Administrative Procedure Act, the petition for review asks the Court to vacate the rule and its requirements, and to issue a permanent injunction prohibiting the SEC from implementing and enforcing it.

“More than 90 percent of the comments submitted to the SEC opposed the idea to make electronic delivery the default delivery method for shareholder reports,” said Linda Sherry, director of Consumer Action’s D.C. office. “Despite the concerns raised, which included lack of access to the Internet by vulnerable populations, exposure to online fraud and difficulty of reading reports on mobile devices, the SEC chose to vote on its proposal behind closed doors and ignore feedback from consumer groups and the investing public.”

“For well over a decade, investors have had the option to choose e-delivery of shareholder reports,” said John Runyan, executive director of the Coalition for Paper Options. “Switching the default delivery method simply ignores the preferences of half of investors who have chosen mailed delivery. It also imposes hardship on seniors, Americans in rural areas and other investors least able to manage the change, while opening the door to new phishing scams and cybersecurity threats.”

Part of the broader Investment Company Reporting Modernization rulemaking, Rule 30e-3 allows mutual funds to simply post shareholder reports to a website and require investors to specifically request mail delivery – even though investors already have the ability to request this information electronically, and over half have opted to continue receiving them by mail. More than 900 Americans, including individual

investors and elected officials, have filed [comments](#) with the SEC in opposition to the rule and its negative impact shareholders who need or prefer access to paper reports.

#### **About the Coalition for Paper Options**

The Coalition for Paper Options is an alliance of consumer organizations, labor unions, rural advocates, and print communications industry organizations and employees who recognize the need to preserve access to important paper-based information and services for Americans who prefer them or depend on them. While the Coalition for Paper Options supports the use of technology, we believe that the government and private sector should promote digital services and information without discriminating against citizens who want or need more traditional access. By giving Americans a choice, we can bridge the digital divide and save millions of dollars – without shifting cost burdens to citizens who can least afford them. For more information and a list of members, visit [www.paperoptions.org](http://www.paperoptions.org).

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