The Mercury News

Butler: The beginner's guide to taking on the system

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December 9, 2016 at 6:00 am

For years, annual stockholder meetings were enlivened by so-called "gadflies" who seized the microphone and castigated the CEO and selected directors. Caught momentarily like deer in the headlights, these victims would put up with it for just so long and then summon the guards. Better yet, they held the meeting in some godforsaken, out-of-the way location that discouraged attendance.

The publication of a new book, "The Shareholder Action Guide" by Andrew Behar, offers a level of professionalism and a route to success for anyone who really wants to take on the system. That could be you with respect to any company in which you have owned more than $2,000 worth of stock for at least one year.

Get this. You can submit a resolution that, if done properly, will wind up on the proxy statement for the annual meeting. That means that all stockholders (which can include millions of fellow owners) will get to vote on what is a "nonbinding resolution." The book is full of examples of how, for example, when directors are confronted with a significant percentage of their stockholders telling them to stop selling wood from endangered rain forests, they get the message that it may be bad for business (Home Depot.) And they stop.

One of the earliest examples was a Catholic priest who used his stockholder prerogative to force R.J. Reynolds to stop aiming its "Joe Camel" advertising at kids. Then there was the activist group As You Sow, which prompted McDonald's to stop using plastic foam cups for the 775 billion drinks sold per year. Considering that the ocean's plastic will weigh more than the fish by 2050, this seems like a sensible step — but the kind of step corporations ruled by increasing quarterly profits are not inclined to take on their own.

To gain some inspiration and entertainment, take a look at other resolutions out there by going to the SEC's database and then to "filings (EDGAR)" — the record of resolution filings. For any company, just enter the company name or ticker symbol and it will take you to their filings and last year's proxy statement.

What this book may set in motion is a vast army of shareholders with torches and pitchforks swarming corporate annual meetings with demands to limit executive pay. The average CEO today receives $11.7 million per year — or 331 times the average worker's salary and 775 times that of the minimum-wage worker. This is an increase of 937 percent since 1980, while workers' salaries have been largely flat during that time. No other industrialized country rewards its chief executives on this scale, and while "Say on Pay" in Dodd Frank reforms forces pay disclosure, it has only given executives fuel to make a case for why they should receive more.

Given the battle to control executive pay in the companies we all own, it will be interesting to see how the next annual meeting goes for Wells Fargo. Warren Buffett, a board member and large stockholder, has been uncharacteristically silent on the company's behavior that sent over 2 million customers scrambling to correct their credit reports and hours of hassles — not to mention the cost of unlawful dismissal for those who made futile attempts to do the right thing.

In the "some-people-never-learn" category, we might add Morgan Stanley, which, in last week's Wall Street Journal, announced that it planned to save more than a billion dollars by pressuring its brokers to sell 10 percent more in order to make the same previous commission level. This is a company that already makes about $6 billion per year and whose stock has doubled since June.

I'm reminded of President George W. Bush when he addressed an audience of what he called the "haves" — and the "have mores." He got a laugh, of course, but it would be nervous laughter today. The resolution process is growing, and it amounts to the pitchfork and torch in the hands of the true owners of these public assets.