

Dunkin Brands Group Inc (DNKN)'s Products Risky for Customers: Andrew Behar

Viki K. | June 6, 2014

Shareholder Advocacy Group **As You Sow**'s CEO Andrew Behar was on CNBC's Street Signs last night and he explained the reason why his group is calling for an investigation to look into the risks of using nano materials in **Dunkin Brands Group Inc (NASDAQ:DNKN)**'s subsidiary Dunkin Donuts products.



As You Sow created a poll on if the investigation should be carried out to identify the risks involved in using nano materials used to coat the donuts. Behar also cleared how the shareholders resolutions work. He stated:

“The way that Shareholder resolutions go, they are non-binding. So even if you get a majority, the company doesn’t have to do anything.”

However, he was very impressed by the percentage of voters favoring the investigation. Around 20% investors voted in favor of investigation, which is considered extraordinary, taking into account that the minimum requirement by the SEC is 3% to request for an investigation. A total of \$547 million worth of shares voted positive for the resolution.

Though Dunkin Brands Group Inc (NASDAQ:DNKN) might have taken a look into this voting, Behar was asked if the vote was merely institutional vote or were there majorly institutional voters while there were few retail mom and pop investors too.

The key issue raised here with Dunkin Brands Group Inc (NASDAQ:DNKN) is that the nano materials are very small and have a size of about 8 to 9 atoms. These can even pass through a cell membrane. There has been no research at all on whether these are safe or not. These materials contain nano titanium dioxide. So the resolution wants to ask the company why its risking the lives of its customers without any huge benefit for anyone out it.

The company can buy regular powdered sugar that doesn’t have any nano materials and there won’t be any change of taste. So there is no way for the customer to notice the change and there would be no impact to the brand name what so ever and all this without any risk.

When asked if this shift of using regular powdered sugar to cover the donuts would impact the sales, Behar said:

“I don’t really think that it’s going to have any effect on the sales. When people go into a Dunkin shop, they are going to buy a Donut whether it’s really bright white or whether is less white.”

So Behar wants the investigation to be made but as the rules state, he or the vote cannot force Dunkin Brands Group Inc (NASDAQ:DNKN) into an investigation. Alkeon Capital Management holds a significant number of shares in the company with around 1.76 shares as of March 31 2014. The other key investors in Dunkin Brands Group Inc (NASDAQ:DNKN) are Tremblant Capital with 1.48 million shares and Jim Simons’ Renaissance Technologies that has 559,300 shares.