

GILBERT, THE PROFESSIONAL STOCKHOLDER.

Lewis Gilbert will be visiting the UNB Campus on Thursday, November 12th. Mr. Gilbert has been the Ralph Nader of the corporate annual meetings for the past 30 years acting and speaking on behalf of the independent shareholder. Like Nader he speaks as an independent rather than acting as the agent of any particular group of shareholders. His activities are financed by his personal income from investments. He attends over 100 annual meetings a year - including a few in Canada - asking questions designed to provide the independent shareholder with additional information and introducing resolutions designed to improve the position of the independent shareholder. He has persuaded managements to shift their meetings to locations which are reasonably accessible to shareholders who might wish to attend and to provide shareholders with answers to their questions. Before Gilbert became active, many corporate managements treated annual meetings as mere formalities - to be completed as quickly as possible. Gilbert has also sought disclosure of executive bonus and stock option plans and sometimes convinced managements to put specific limits on the benefits provided in such plans.

He has persistently fought for cumulative voting - a device which permits substantial minorities to obtain representation on the Board of Directors - al-

though without much success. Rather interesting, New Brunswick has long had a provision similar to cumulative voting in its Companies Act; a provision which the Government sought unsuccessfully - to have repealed last year - apparently to enable Noranda to get rid of representatives of the minority Irving interests on the Board of Directors of Brunswick Mining and smelting Co. Ltd. Irving still retains a substantial minority interest in this company which he originally developed.

Mr. Gilbert will appear for question and answer sessions before the second year Law students at 10:00 a.m. and before the Business Administration students at 1:30 p.m. Visitors are welcome at the afternoon session which will be held in Carleton Hall, Room 106. November 12th.

Mr. Gilbert's visit to New Brunswick is being sponsored by the Society of Industrial Accountants of New Brunswick and he will make a public address in Saint John at the Admiral Beatty Hotel ballroom at 7:00 on Thursday, November 12th. This will be his first public address in Canada and interested students and faculty are invited to attend.

Yours truly,

Edward D. Maher
Professor

The busiest "professional stockholder" in the U.S. today is Lewis D. Gilbert, who has probably attended 2,000 annual meetings in his life, which is almost certainly the world's record. In 1971 he plans to attend 117 annual meetings. His younger brother John will attend another forty-six, and some dozen fellow stockholders who have joined their cause will attend perhaps thirty other. At that, the Gilberts will be missing the meetings of most of the corporations they try to follow; all together they and some relatives hold shares in some 800 corporations - up 200 from a few years ago.

Their purchases are usually in lots of five, ten, or twenty shares, and they hardly ever sell. This practice has served them well financially. Their original family fortune was considerably more modest than the "\$2 million to \$3 million" Lewis says their stock is worth now. His own dividend income is about \$25,000 a year.*

The brothers work together in Lewis' Park Avenue apartment, from which they keep track of all their corporations. In the den shown at the right they correspond with some 5,000 other sympathetic shareholders, who send them proxies to be voted at annual meetings, and contribute a few dollars apiece to help pay for an annual report on their activities. The report is now in its twenty-first year. In 1960 it ran to 295 pages, crammed with details of the meetings the Gilberts and their associates attend.

The real flavor of the Gilbert operation is hard to convey to someone who has not seen Lewis or John on his feet at an annual meeting, exhorting the management to adopt cumulative voting be put on executive sal-

aries (at General Motors and du Pont), demanding that an auditor tell whether or not he checked inventories to assure the stockholders there was little chance of pilferage (I.T.T.). They get excited when they are crossed by management, which if often, and their shouting matches with executives sometimes exhaust the patience of other stockholders, who clamor for them to sit down. In turn, they are likely to denounce such critics as management stooges, paid to disrupt their presentations. (Sometimes they are.) Several years old there was a spectacular comedy of errors at a Twentieth Century-Fox meeting, when Lewis tangled with Spyros Skouras, the ebullient, fractious-English-speaking president, who kept trying to agree with him, but kept on being misunderstood and denounced more furiously than ever.

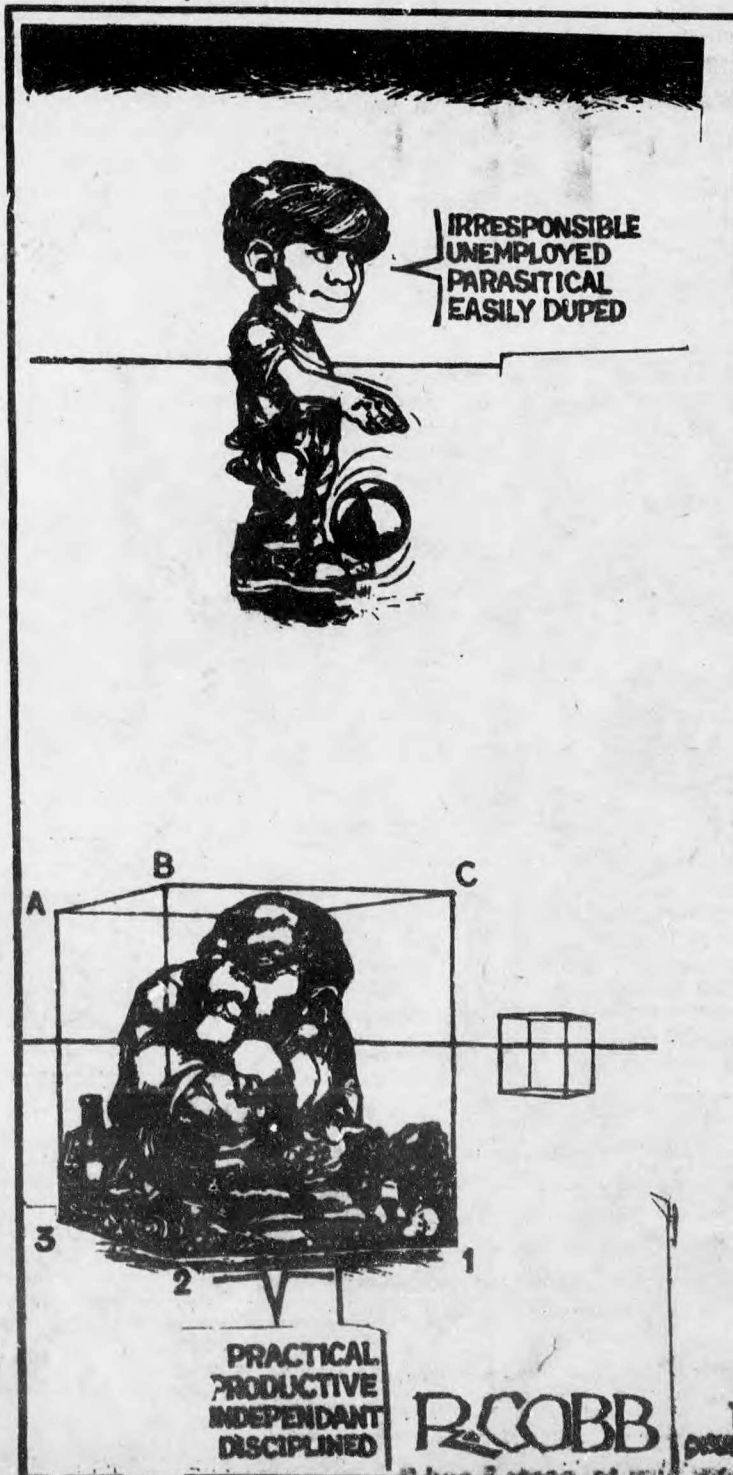
It is obvious that the Gilberts thrive on publicity, but also obvious that they use it artfully in fighting for the rights of stockholders. They keep in touch with the financial reporters, and often exchange tips from disgruntled employees who are stockholders, but feel inhibited from raising issues at a meeting run by their employers.

The Gilberts' influence on corporate practices is hard to assess. Many of their "triumphs" are on trivial issues - e.g., brother John recently got the president of a real-estate corporation to stop charging voice lessons to the corporation. But there is no doubt that the knowledge that a Gilbert will show up is a pressure on many top executives to respect the rights of their stockholders. And they have

some solid achievements to their credit. Industrial corporations almost always get their annual reports to stockholders before their meetings, but banks, which are not regulated by the SEC, sometimes hold their meetings before they publish their reports. This sequence of events obviously handicaps bank stockholders who want to ask some searching questions at the meetings. When Lewis made an issue of it, a number of banks changed the sequence.

Lewis has often scored his point even when he has been outvoted. When the late George Coppers was head of National Biscuit Co., Lewis kept introducing a motion to put a ceiling on the executive-pension programs. The motion never won over more than 10 per cent of the stockholders, but Coppers finally decided that he did not want to ignore the views of this minority. He consulted with Lewis and the company put a ceiling of \$45,000 on executive pensions.

Lewis has probably done as much as any one man to crusade for stockholders' rights to information. Not all stockholders are grateful, however. At a meeting of Unexcelled Chemical Corp. in February, Lewis rose in outrose to note that the annual report did not even indicate whether the corporation had operated at a profit. Ordinarily, a corporation must show its operating figures separately from its capital transactions, but Unexcelled's auditor argued against Lewis, contending that last year the capital transactions were the only real operations of the company. Lewis was attacked by other stockholders who were present. "Are you trying to drive the price of the stock down?" one of them demanded.



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