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TOP TAKEAWAYS FROM THE 2024 "BIG MEETING SEASON"

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Top Takeaways From The 2024 "Big Meeting Season"

- **INVESTORS DON'T CARE ABOUT "TOO-HIGH CEO PAY"** – At least as long as they themselves are in the black – witness the strong support the move to have shareholders ratify Elon Musk's massive award of options racked up after a Delaware judge ruled it was wrongly awarded by directors basically "controlled" by him. Not much of a shock, as Elon's huge base of "fan boys" weighed in as expected, with a majority of institutional investors signing on too, despite ISS and Glass Lewis recommendations to vote NO. The vote is non-binding, and the case will still continue in Delaware, at least for now, but we are betting that Elon will have his way in the end. Note too that this season, support for executive pay in general - which continued to far outpace the rate of "average-worker pay" - reverted to mostly sky-high approval rates.

- **INVESTORS *SHOULD CARE* – BIG-TIME – ABOUT COMPANIES THAT MOVE TO DITCH DELAWARE AND REINCORPORATE IN STATES WITH MORE LENIENT RULES – AND LESS-DEVELOPED COURTS – AND PRECEDENTS.... BUT OBVIOUSLY, AND SHAMEFULLY, THEY DO NOT!**

  We simply can't see how any fiduciary could possibly vote to rubber-stamp Tesla's move to Texas. Aside from the far more lenient regulatory environment where investor protections vs. board prerogatives are concerned, "Stock Markets hate uncertainty," as well they should, and as at least one smart observer pointed out. So far, the mini-trend to run for "rough-and-ready frontier justice" in states like Texas, Utah, Nevada and Colorado does not seem likely to gain a lot of steam. ***But ERISA Fiduciaries – mind your duties to place investors FIRST – or surely someone WILL by filing suit on this.***

- **INVESTORS DON'T CARE ABOUT EXCESSIVE DIRECTOR COMP EITHER – AS "DOUBLE-BINDING BYLAW PROPOSALS" TO MANDATE "SAYS" ON DIRECTOR PAY FAL.L COMPLETELY FLAT:**

  This season, Michael Levin, editor of The Activist Investor, and prompted by the pay-flap at Tesla, proposed a binding bylaw proposal that would give shareholders a binding Say on Director Pay. It sure sounded like a very sensible good-governance measure to us. As far as we know, Corporate Directors are the only people an America who can set their own pay.

  Long-time activist **John Chevedden** submitted it to thirteen of his portfolio companies for the 2024 proxy season. Eight of them sought no-action relief from the SEC and all received it; based in part on a claim (a crazy one to us) that the provision excluding directors from voting their own shares on their own compensation was a violation of Delaware law (!!) but also concluding (with no logical reason that we can imagine) that this was unwarranted "micromanagement." Five companies included it in the proxy statement, where the average vote in favor was a mere 2% of the shares voting.

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Levin had contacted many institutional investors, reached out to ISS and Glass Lewis – and to the SEC staff itself - but got nothing back of any substance - so a total flop…for now, But see the next bullet-point: We still think that (a) this proposal makes very good-governance sense and (b) can potentially "grow legs."

- **SERIOUS CONCERNS ABOUT THE INDEPENDENCE OF SO-CALLED "INDEPENDENT DIRECTORS" AROSE – OR SHOULD HAVE ARISEN THIS SEASON IN OUR BOOK.**

  Tesla's long-serving and massively compensated Board Chair lobbied extensively and in- person for Elon's comp with every major investor – and lots of smaller ones too – dramatically *underscoring* the lack of true independence the judge had ruled against.

  Exxon's fight letters against the Vote-No campaign aimed at its own "Independent Chair" depicted him as if he was the "*Executive Director*" and a "key player" behind all of their recent successes.

  What ever happened to the old maxim of "noses in but fingers out" for outside directors? We see this issue – plus the idea that after too many years on the board, "independent directors" are so "invested" – both mentally and financially - that they are no longer "independent" at all - as being major "sleeper issues" to watch.

- **ISSUERS NEED TO STOP WHINING ABOUT THE SUPPOSED INFLUENCE OF PROXY ADVISORS ISS AND GLASS LEWIS ON VOTING OUTCOMES** – ***in light of Musk's big vote on pay despite advice to vote no from both firms and Nelson Peltz's big loss at Disney, despite advice from both advisors to vote for him.***

- **THE TWO BIGGEST AND MOST DISTURBING TRENDS WE NOTED?**

  (1) - THE CONTINUING DROP-OFF IN RETAIL-INVESTOR VOTING - Underscored by the Disney vote, where, after more than $70 million was spent to win the proxy fight, the quorum dropped to 68.8% vs. 76.55%% last year – a drop of 124,712,724 mostly retail votes – a roughly 10% drop-off vs. 2023…

  (2) – TRULY ASTOUNDING "ENDEMIC SLOPPINESS" that marred so many AGMs this season. (See below for details.)

Reader Alert: "Endemic Sloppiness" In 2024 AGM Materials

As most readers know, we think, our 'sister company' – CT Hagberg LLC - fields a team of 45 expert Inspectors of Election who, through July, will have served at well over 500 companies. This – plus your two editors' own stock portfolios – causes us to monitor over 700 AGMs a year.

This season, we were literally bowled over by the large number of flubs we encountered. The most common cause seems to us to be the unusually high number of "newbies" – both on the company scene – and at many of their key service providers too, like at transfer agents and, especially, at their outside counsel. The "old systems" of on-the-job training, careful succession-planning, careful mentoring – and close supervision by experienced pros – seem to us to be largely things of the past. But also, as you will see below, the old-time traditions of planning way ahead for the AGM – and striving for perfection, every step of the way - also seem to have gone by the boards at many companies. Most of the time, the blips are discovered in time to fix or work around them – but not always, as you will see:

- One of the first things we noticed - as still avid readers of Proxy Statements - and mostly-faithful voters – and eager attendees at VSMs where we own shares and can squeeze in the time – was how difficult it was to find the correct date and time of the VSM – and how hard it was to find the link to the meeting in so many cases. One has to conclude that most companies don't WANT us to tune in.
- Worse yet, we encountered several instances where the times and dates were at best incomplete, and in several cases, FLATLY WRONG! **Berkshire Hathaway**'s Notice of Meeting – normally a model of clarity and helpfulness - gives the date and time on page-one as May 4, 2024 at 4:00 p.m. – which we duly, and a bit dumbly noted, we admit – and only noticed the mistake when we began to see some highlights being broadcasted on our iPhone in mid-morning. We missed the meat-of-the

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meeting entirely. **CHARGEPOINT HOLDINGS**, INC. posted the meeting time on its VIF as "11:59 PM ET" when they really meant "*AM* ET" – and could have been far better saying "12:00 noon, Eastern Time." **AMAZON.COM** billed their meeting as "9:00 a.m. Pacific Time"– totally heedless of the fact that most likely, way more than 50% of the potential attendees are on Eastern Time - or maybe slyly flipping us easterners the bird? Were they looking to save a few keystrokes in the Proxy Statement, where there was plenty of room for them – or a few ounces of ink on a multi-million-dollar printing and mailing bill?

- Another major observation this season was the unusually large number of instances we encountered where there were differences – sometimes quite substantial ones - in the number of "Votable Shares" reported in Proxy Statements vs. the numbers shown as "Shares Outstanding on the Record Date" as shown in the once "certified" lists of shareholders produced by transfer agents. And often, we encountered different numbers entirely in the reports from proxy tabulators. Our Inspector Team has a policy that requires our Inspectors to investigate here and to satisfy ourselves as to the correct number to use in the Final Report on the Voting - which is filed with the SEC. Most often, the differences are due to option exercises that took place shortly before or shortly after the official record date, But, we ask, "Who is in charge of the SEC-required "Control Book" at the Transfer Agent? And who is responsible for monitoring the numbers at the *Company* - and for making sure that the required entries are actually made on their "Cap Tables"… AND for assuring that differences are properly reconciled?
- The most disturbing thing we saw this season was the fact that many Transfer Agents are not *officially certifying* and *signing* the legally required list of registered shareholders. (Maybe because they themselves are 'not in proof'?) And at least one TA is not including CEDE on the list of registered shareholders! (We think it's to hide the fact that ex-Cede, "registered holders" hold a totally immaterial number of shares, about 90% of the time.) But this is definitely NOT what is required for a proper review of the records by the Inspector of Election– and is NOT the kind of list that is required to be open for inspection by registered shareholders themselves at all U.S. Meetings of Shareholders.
- One last thing we noted – the surprising number of times that issuers got totally wrong advice from newbies at their outside counsel. To cite just one example, we had a case where we presented our draft documents in advance, as usual, and were told re: the draft Ballot of Appointed Proxies [sometimes known as the "Master Ballot" whereby the proxy holders legally CAST their votes] that "our outside counsel says we do not need this." "Don't try telling that to a judge," we said, citing the landmark case where the judge ruled, as most experts already knew, that "proxies are not votes" until the Proxy Committee votes them by BALLOT. (Bad as this was it still doesn't top the case, a few years ago, when an attorney for one of the most famous law firms in California insisted that the votes that had been recorded for a Director who dropped out at the last minute should be simply "transferred" to the replacement – then – even stupider – he advised them to write and mail a new proxy statement - when the company could have appointed a new director with no fuss and muss - and without spending an extra dime - right after the AGM, where he or she could have served without a shareholder vote until the next AGM.)

We would be remiss, we think, if we failed to repeat our advice on planning for next year's shareholder meeting.

- ***Start NOW – with a post-mortem review of the 2024 meeting, and how all the many players did – and update your checklist of things to do and who will do them as your 2025 plans proceed.***
- ***Beef up your 2025 planning and proofreading team, and be sure to include a few "trainees."***
- ***Be sure to reserve the "A-Team" at each of your key service suppliers- and to ditch the B-players. It's not too early to do it now, we say.***

The Top Two VSMs - One Middlin' One - And One "Most In Need Of Improvement" Of The 2024 VSMs We Monitored

The Top-Two 2024 VMs – A Two-Way Tie Between Citi And Verizon

AT CITIGROUP – A WELL-RUN, HIGHLY ENGAGING AND INFORMATIVE EXPERIENCE…We were especially anxious to tune in the Citigroup VSM this year because we are huge fans of CEO Jane Fraser and continue to bet that at long last, this able "jockey" will be able to rein in the wild and crazy value-destroying horse that Citi has been for so long.

Fraser did not disappoint. After brief, seemingly pre-recorded introductory remarks, she turned the meeting over to the Corporate Secretary to handle the 'business portion' – four management proposals and six shareholder proposals, one of which was withdrawn before the meeting. While we are usually not fans of debating proponents at the meeting, we were happy to hear Jane step in at several points to correct or clarify the record and to keep things moving.

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The best part by far was the very robust Q&A period, which lasted from 9:50 until 10:28 where, once again, the questions were very ably teed-up by Assistant Secretary Shelley Dropkin - who this year we were happy to hear, was properly introduced – and where Jane answered a host of questions on things like fossil fuels, deepwater drilling, emission targets, a potential meeting with an indigenous chief, the Banamex IPO – smoothly fielded a handful of anti-ESG comments on DEI, Environmental and Social Risks – and a question from your editor on what was being done to deal with – and to bolster employee morale during the 'rightsizing' exercises' where she gave what we felt was a wonderful answer and one we could really relate to as a former bank employee: While trying to manage mainly by attrition, she said, there is strong employee support for the 'laser focus' that produces more time for customers and, by reducing management layers, makes for an "easier place to work."

One shareholder called for a return to in-person meetings and, while we still love them in principle, the well-run Citi VSM is a HUGE improvement over their old-time, hugely attended free-for-alls, jam packed with mostly silly comments and questions that lasted most of a day.

THE VERIZON MEETING: RUNNING LIKE CLOCK-WORK, AS ALWAYS, WITH YET ANOTHER IMPRESSIVE CEO AT THE HELM:

Full disclosure, your editor-in-chief was one of two Inspectors of Election at the Verizon meeting, which we monitored online from start to finish. This was one of two meetings of the 500+ meetings that we and our team monitored through June where Computershare was the VSM meeting manager, both of which ran smoothly and efficiently. Verizon's started at 10:00 a.m. eastern time – on the dot - with Verizon's chairman Hans Vestberg introducing the Directors and corporate officers in attendance before turning the meeting over to the Corporate Secretary and Chief Governance Officer, Bill Horton, to conduct the official business.

Horton introduced the three management proposals, asking for questions after each one, then, as they traditionally do, announcing the preliminary voting results. Next, he called on each of the seven shareholder proponents in turn – the first of whom initially missed his cue, but woke up just in time, and the last of whom appeared to have dialed in, and hung up, so Horton introduced that proposal himself. There were no questions on the proposals and the polls closed precisely at 10:30 a.m., after which Vestberg made some brief remarks before opening the floor to general questions.

Both Jane Ludlow, the other IOE, and your Editor-in-Chief, were really impressed with Vestberg's keen intelligence – and with the way he listened to and fielded the many good questions he got. Asked what he will do as spending on 5G will likely decline he noted that priority one is to invest in the business, second is to "keep the board in a position to increase the dividend" as they've done over their 17 years as a company, then to pay down debt and to "consider" share buybacks. In response to a suggestion that he stop his support for LGBTQ rights he noted that Verizon is a "Best Place to Work" - and that he is proud of Verizon's record and "Proud to lead here." Great comments on A.I. too, which they have been using "for a long time to enable employees to serve customers" – and the need to have "strong governance" here - as well as strong, forward-looking and ambitious comments on best prospects for future growth. The Q&A period ended at 10:44 and, after a thank you for attending, the meeting ended at 10:45 on the dot. ***An outstanding and highly respectful use of investor time and attention, we say.***

JPMORGAN CHASE - "MIDDLIN'" SAD TO SAY - AND A MISSED OPPORUNITY TO SHOWCASE AN AMAZING 24-YEAR RECORD AND A TRULY OUTSTANDING CEO:

As a JPM Chase alumnus (via the purchase of both JPM and Chase in Y2K - which came fast on the heels of the Manny Hanny merger of equals with Chemical Bank - who quickly and seamlessly gobbled up two of their biggest former rivals) - your editor in chief was really looking forward to their VSM. JPMC has been a lifetime, high-performing "core holding" – and, as an investor who strongly tends to 'bet the jockey' - he is a major fan of Jamie Dimon too - one of the very best CEOs out there, for sure.

Your editor's interest was even further piqued by the dismissive comments Jamie had been making about the non-importance of shareholder meetings – and piqued yet again when Doug Chia challenged Jamie to make something meaningful of it in his widely followed blog.

Further fueling your editor's interest in the meeting, the 2023 Annual Report was a masterwork – with a great theme – "Powering Growth with Curiosity and Heart" – backed up by loads of truly impressive facts and figures – like #1 Bank in retail deposits and #1 for small businesses; #1Corporate and Investment Bank; #1 Private Bank and Asset Manager, Top 5 of Most Admired Companies and #1 in Customer Satisfaction... plus "Record Revenues"... a "Fortress Balance Sheet"...and a very strong, wide-ranging and detailed Chairman's letter from Jamie, very much in the Warren Buffett mode.

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Sad to say, the meeting itself was a missed opportunity to really connect with shareholders and for Jamie to make a much-deserved splash on his 20th year with the bank, following its acquisition of Bank One - and Jamie himself - who had been foolishly fired from Citi a few years earlier by the rightly jealous Sandy Weill.

The meeting started off on a very good note indeed - with background music by your editor's favorite composer, J.S. Bach, in lieu of the usual elevator music - or even worse, the electronic, bangy, bongo-boogie-woogie on endless repeat that plagues so many VSMs these days. But ouch! - it was played 'sewing-machine style' on a tinny-sounding piano. Seriously! Out of thousands and thousands of recordings of Bach keyboard works to choose from, who came up with THIS one?

Then came a seemingly interminable period of dead silence (about one full minute) before the meeting was opened by Dimon, who focused on "six major issues" and delivered a few fresh and very good points for investors to ponder, albeit in a rather "flat" and mostly unengaging manner: A.I., The Cloud, Regulators (who "rely on us to step forward") the "must" need to "earn the trust of communities where we operate" (hence, a continued focus on DEI) - the "Essential role of market-making" and "Navigating a potentially dangerous world" where we "must be engaged globally."

Then, the GC moved all the management proposals at once and six of the seven shareholder proposals were introduced via a mix of live and pre-recorded statements – and where a seventh proposal for a "Report on workforce civil liberties" was withdrawn by the satisfied proponent before the meeting began.

Next came a 30-minute period for questions on the proposals themselves, where there were a few tough ones that were handled in an "OK manner" but which were punctuated by a number of awkward silences. These got even worse during the 30-minute period for "open Q&A" which were also handled in a "sort of OK manner" but where the "screeners" had major issues - and long silences - occasionally broken by comments that they were "compiling questions." Not a professional presentation at all, and not a very rewarding experience for listeners who were relieved, we think - as we were - when the meeting ended after an hour and 46 minutes.

A major missed opportunity for shareholders – and for Dimon himself to really "show his stuff." We hope to have at least one more meeting where Jamie presides, but PLEASE, we urge, make time for a full-dress rehearsal, use the existing technology to quickly and efficiently tee-up questions (see the article below) - and Jamie - regardless of what you think of shareholder meetings, work a bit harder on your delivery – out of respect for the shareholders who tune in - and to project your very best self.

MOST IN NEED OF IMPROVEMENT - AMAZON.COM – ***another VSM we were really looking forward to – mainly to see how they'd handle the record-breaking seventeen proposals on the ballot. (Spoiler alert – Not well.)***

We were latecomers as Amazon investors but basically very happy ones, having "bought on a big dip" not so long ago…and honestly, "Who can live without them?" But what a dog's breakfast of proposals there were: Three calling for new Board Committees, five for additional data in existing reports and six asking for new reports.

We tuned in early so as to not miss a thing and were treated to some of the worst background music ever – electronic boogie-woogie with a loud and incessantly repeated bongo beat. Aaargh!

The bongos stopped precisely at noon, eastern time – after which the CEO, GC, Director of Financial Communications – and all the directors present were introduced, followed by the introduction of the management proposals. Then, the shareholder proponents were allowed two minutes to introduce their proposals, which seemed a bit chintzy to us, but all were pre-recorded and managed to come in under the wire.

We followed each presentation carefully, marking our votes on our VSM – and actually considering changes in three of our original voting decisions – but OMG! Without any warning at all, the polls were officially closed as soon as the last presenter was done - before even the fastest-fingered voter ever born could stand a chance to vote!

To top things off, there was yet another breach of good practices here: We could not find proposals 16 and 17 on our VIF to note our choices. Ultimately, we found them, side by side in the middle of an otherwise mostly blank 'verso' - where few voters would think to look - especially because the signature line was, as usual, on the bottom of page one.

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A 'procedural purist' – or any shareholder with a bone to pick - might say that all the votes on props 16 and 17 were invalid because the signature line ended at prop 15. We did a little sleuthing to conclude that (1) none of the outcomes were affected based on votes cast - or not cast by participants during the meeting, as in our own case, and (2) to conclude that voters on props 16 and 17 should absolutely not be disenfranchised because of the less-than-perfect layout of the proxy card.

But readers; had there been a proxy fight here, the rules are much more stringent - and the likelihood of a formal challenge would be much greater – and the outcomes in such challenges based on "technicalities" are much harder to predict.

An excellent example of how important it is to allow ample time for voters to vote online at the Meeting, and to give fair notice and fair warning as to exactly when the polls will open, and close – and yes, to proofread ALL proxy materials with special care.

TWO MORE TAKEAWAYS FROM 2024 VSMs – ONE REALLY GOOD AND ONE HORRIBLE

First, a nifty new feature at Broadridge's VSP app: When you go to enter a question, a dropdown tool asks you to indicate whether it is about Directors, Auditors, Compensation – or one of the shareholder proposals – or "other." What a huge help this is for the folks who have to try to tee the questions up quickly, and in a useful way – and to deal with duplicate, overlapping or simply irrelevant or inappropriate questions and comments. And it helps to focus the questioner's mind too!

Then – horrible - HIGH INTEREST IN GAMESTOP'S VSM CRASHES THE VSM APP:

Low marks on meeting planning, for sure – both on Gamestop's and Virtual Meeting host Computershare's part – both of whom should have been aware of the fact that Gamestop has one of the largest and most engaged group of retail owners anywhere – AND that the big return of the dedicated 'short-squeezer' Keith Gill, aka "Roaring Kitty" – the hugely followed Gamestop fan who now appears to be Gamestop's fourth largest investor – has been stirring up even more interest in the company.

Computershare's meeting app crashed on Thursday June 13th because of "too many viewers" and was rescheduled for Monday the 17th, where it went on without incident. The Gamestop Transfer Agency has been a huge success for Computershare, where, in an unprecedented development, shareholders have moved en masse from street-name to registered positions following voting snafus by the newish and smallish custodial institutions that many of their brokers used – which were not properly connected to proxy-plumbing systems, such as they are. We know, of course, that CPU – and Gamestop – will not be likely to make THIS mistake again…

MORE SLOPPINESS? OR A GRUBBY FEE-GRAB AT A MAJOR T-A?

Just before we went to press, we got a call from a long-term friend, the retired former Corporate Secretary of a major U.S. public company, asking about a "transfer agent issue."

Both she, and her son, had gotten a letter from a subsidiary of the transfer agent her former company is using, saying that their accounts were subject to escheatment, for "lack of contact." When she called to inform them that both she and her son have been voting their proxies faithfully, she was informed that this did NOT constitute "contact."

She was also very concerned that the subsidiary company was trying to sell services, like effecting transfers and obtaining replacement certificates at what seemed to her to be very high costs. that (a) she did not need and (b) that she believed the company, through its transfer agent, were normally providing for free.

She sent copies of all the correspondence, where we noted that their document says one must have contact with the Transfer Agent to establish "contact." So, as we suspected, since her former company uses another provider to mail and process proxies, voting does not qualify - UNLESS, as we have been advising, the issuers insist that the info on voted proxies is forwarded to and posted on the TA's records - which no one seems to be doing. One can't expect that either **Broadridge** – or any of the other providers of proxy voting services, like **Mediant** and **Say** would do this for FREE - but it is a very simple job to accomplish - AND this would prevent the need to send letters like this one, so at worst, "a wash" in terms of expense and a major "plus" in terms of investor protection.

Both of us felt, however, that the subsidiary company is trying to take advantage of shareholders by offering a "service" that can be accomplished by the Transfer Agency parent for NOTHING - except for the Bond of Indemnity. Premium. They do in fact disclose this - but way down in the fine print, But their 'processing fee" – 10% of the value of shares transferred, with no cap - is an outrageously high rate for holders of material amounts of stock. The form itself is 'sneakily designed" we both thought, to 'lead one down the garden

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path' - without focusing on the 10% fee, with no cap as there should be for an essentially routine transaction - which the average holder won't discover until after the deal is done.

Both of us felt that unless the subsidiary caps the 10% "processing fee" at a reasonable level, they should be ordered to cease and desist from soliciting shareholders as they are doing now. Most important to note, however, the parent transfer agent – and all other TAs - should get on the ball and note proxy voting as a "contact" that would indeed prevent shares from being deemed abandoned and letters like this one from being sent.

This is no small matter: Currently, the vast majority of proxy mailing and tabulation services – once provided almost exclusively by the companies' transfer agent - are being provided by Broadridge, Mediant and a few other firms. All of the players need to step up to the plate to provide investors with the protection from automatic escheatment they deserve to have.

Stock Splits Are Back In Fashion: Three Cheers, We Say

We are huge fans of stock splits (forward splits, that is) for a lot of reasons. We realized that we last wrote about them ten years ago, when there was a sudden upsurge, much like we are seeing now – like at Nvidia (10 for 1) Walmart (3 for 1) and Chipotle with a whopping 50 for 1 - so here's an update:

At all three of the companies mentioned, the motive cited was "to make our stock more affordable for our employees and our customers" - since there is lots of evidence that share ownership translates directly to better service from employees, higher sales and an enhanced sense of "ownership" all around that boosts loyalty, sales and profits.

A very important point to note, a stock split sends very positive "bullish signals" to prospective investors since companies are wisely very reluctant to split the stock unless the long-term outlook is bright and the dividends going forward are well-secured. Typically, the stock goes up as soon as a split is announced – and the stock tends to hold, and often extend the run-up – hence our love for them as investors.

Knowing that "psychological factors" are often more important than the math itself, we'd also note that it is simply "easier" for a $35 stock (which is still very much a retail owner's "sweet spot") to go up 15% ($5.00) than it is for a $70 stock to go up $10 to do so. A **Yale** finance professor, **Kelly Shue**, made another excellent point in a recent WSJ article on splits – "*positive news feels like a lot bigger deal at a stock with a lower share price*."

We'd also note that the old arguments against stock splits (like high processing and certificate-issuance costs – and the higher brokerage commissions once incurred by smallish retail owners) are largely things of the past. And we'd note too that some of the newer programs that let investors buy fractions of high-priced shares can backfire in a very big and bad way – by running up proxy-processing fees to service folks that have financially negligible "investments" in the company.

Lastly (and please see the article on this on our website - Our Top-Ten Reasons To GrowAnd To Guard— Your Company's Retail Investor Base | Optimizer Online A strong base of retail ownership still votes solidly and reliably with management (when it DOES vote) - serves as a strong bulwark to windward when economic times are difficult, which helps to reduce stock-price volatility – and, best of all - lowers a company's cost of capital.

People

Our great friend, **MaryEllen Andersen** of **Broadridge** - who is known to, and admired by, everybody who is everybody in the Corporate Governance community - was honored at the July Conference with the **Bracebridge Young Award** – the highest honor of the **Society for Corporate Governance** - where she has been a strong, welcoming and highly effective force for several decades.

Joseph Campbell – a long-term Transfer Agency Industry veteran, who recently left **Computershare** after many years there, has joined **EQ U.S.** as Senior Vice President of Capital Markets. Joe, who is based in Seattle WA, "brings more than 25 years of industry experience in financial services consulting with corporate issuers and their advisors on capital markets needs," the EQ press release noted. "A Washington State University graduate in Business Administration with an emphasis in Finance, Joe is also a member of many industry associations, notably, National Investor Relations Institute (NIRI) and the Society for Corporate Governance." A wonderful "get" for EQ we say.

CONT'D →

Regulatory Notes…And Comments

AT THE SEC:

Their March 6 rules on Climate Change Disclosure were suspended in April, pending resolution of numerous court challenges. Much as companies need these rules, we fear that recent Supreme Court decisions may send them back to the drawing boards, or maybe to "the round file."

A group of hedge funds is suing the SEC over newly proposed rules that would require tougher rules and new capital requirements on "large dealers" in the purchase and sale of stocks and US government bonds, alleging the SEC is exceeding its authority and approved a rule that is "arbitrary and capricious."

AT THE SUPREME COURT:

Two major rulings limit the powers of federal agencies – the first of which ruled that "A defendant facing a fraud suit has the right to be tried by a jury of his peers before a neutral adjudicator" - and not by SEC 'tribunals' with an SEC-appointed judge. Hard to argue with this, we say.

Fast on the heels of this decision, the Supreme Court, ruling 6-3, overturned a 40-year-old precedent that directed federal courts to defer to federal agency rulings - known as "the Chevron defense": "Agencies have no special competence in resolving statutory ambiguities" Chief Justice Roberts wrote. "Courts do." A huge win for courts, and a big loss, we fear, for federal agencies and for the expertise they are supposed to bring to the table.

A FEDERAL JUDGE in Texas threw out and dismissed as moot Exxon Mobil's lawsuit against shareholder proponent Arjuna Capital, seeking to punish Arjuna for a proposal they had withdrawn. Hmm…seems to us like possible grounds for a Class Action Suit – seeking return of the money that Exxon Mobil and its directors wasted here… but, regarding the petty and spitefully child-like effort, 'enough is enough' we say.

ELSEWHERE IN THE COURTHOUSE:

The Supreme Court has agreed to review not one but two cases against public companies, following lower court rulings as to the ability of a Swedish investment management firm to sue Nividia, where they found that plaintiffs adequately alleged that Nvidia made "false and misleading statements and did so knowingly or recklessly" – and the ability of Amalgamated Bank to sue Facebook for misleading statements about the misuse of user data in 2017 and 2018.

ABANDONED PROPERTY EXPERTS FILE IMPORTANT AMICUS BRIEF IN US APPEALS COURT: As regular reporters on the many scams and scandals surrounding the seizures of so-called abandoned property, we were mighty pleased to read the brief filed by the Securities Service Association (SSA), the Securities Transfer Association (STA), law firm Akin Gump and the renowned expert Jennifer Borden in an action by the Hills (FL) Court of Clerks where they'd seized the assets of a local resident after "giving notice" in a Spanish-language newspaper read by - get this - 0.20% of County residents. Further, the brief asserts, the Clerk had reason to know that the address they used to mail a notice was incorrect – and that they had the correct address on file – all in violation of Due Process and the Florida Takings Clause – and with "insufficient evidence that plaintiff had abandoned his property according to Florida law, Supreme Court precedent and Founding-era" cases. The brief also notes that this case "has national importance because thousands of shareholders – like Amicis' constituents – do not receive adequate notice or just compensation when the State takes and liquidates" their property, as in this case. Seems like a slam-dunk case to us but do stay tuned.

ELSEWHERE ION THRE SUPPLIER SCENE:

Morrow Sodali recently announced the launch of its new brand as Sodali & Co, following its rapid international expansion over the past several years through a series of acquisitions. The rebranded Sodali & Co has a team of more than 450 employees serving over 2,000 clients and consistently ranks as the leading global proxy advisor in activist and merger situations.