

## **MEETING ADMISSION CRITERIA – ONE OF THIS YEAR’S HOTTEST TOPICS**

*So far this year, we’ve gotten more questions about annual and special meeting admission criteria than about any other topic...except that is, for the perennial question “what’s up with those transfer agents?”*

*The answers, we always hasten to point out, are clearly not black and white ones: Really good admission criteria vary widely in our experience – not only from company to company - and from city to city - but often, from one year to the next...in light of the circumstances that may be surrounding a given company or industry, and sometimes in light of the size and location of the meeting venue.*

*So we say, think of a broad spectrum of criteria – between the two extreme models for admitting people to the meeting – that we call the “Y’all come” and the “We vet your life” models.*

**The vast majority of companies that have annual and special meetings follow the “Y’all come model”:** They tend to be small and mid-cap companies, based in smallish towns, but often with a surprisingly large audience of loyal followers - like employees, retirees, customers – and especially if they’re a regional bank or utility, or make some kind of iconic product. Many of them WANT stockholders to come – and want to make it an enjoyable experience – and frankly, whether a big crowd (for them) shows up, or just a few folks straggle in, there’s not much need to set up an elaborate vetting or signing-in process.

**There are still quite a few large companies however – like Berkshire Hathaway, 3M and Wal-Mart for example – that want to draw and do draw huge crowds – and where the need for proper admission credentialing is essential, for the safety and sanity of all concerned – but who still want to preserve that Y’all come, welcoming feeling. Many of these meetings are multi-generational outings, with children and grandchildren very often in tow. Typically, there is heavy coverage by the press corps too...And the last thing such a company wants is to vet your life.**

**The number of “vet your life” companies is on a decided upswing, however:** Some of this is due, quite understandably, to post-9-11 concerns for safety...and for the desire to have safe and orderly crowd-control. Many vetting procedures, especially when the meeting is held on company premises, are in perfect alignment

with internal vetting and building admission criteria, which is as it should be, we think. But there has also been a noticeable upswing in the number of special interest and protest groups – many of whom may NOT be shareholders, or legitimate representatives of shareholders, and who are there, quite frankly, to disrupt or hijack the meeting.

*So here are a few tips and proven best practices to make the vetting and admission process go as smoothly and quickly as possible, and to strike exactly the right balance for your company between being as open and welcoming as possible but also being both safety-conscious and respectful of the rights and privileges or the real owners of the company:*

- **Be sure to state your admission criteria - prominently - and explicitly - in the materials that are delivered to shareholders:** A very good place is on the back of the proxy form and VIF, where the time, date and place of the meeting are prominently stated, and where there are directions to the meeting site... and parking info, which always seems to get careful attention.
- **Every person who wants to attend your meeting should, at a minimum, present some form of positive identification and sign in. Ideally, these procedures should take place outside of the general assembly area – which, ideally, should be a separate**

*continued on page 8*

**area from the meeting room itself.** Good tips to speed things along; allow people with a pre-printed admission ticket to simply hand it in to an attendant at a spot for “Admission Ticket Holders”... and walk right in. If space is ample and good security staff is in place, and no trouble is expected, *consider* letting guests of admission ticket holders walk in with them too. If employees are encouraged to attend, and if space is ample, allow them to walk in too...as long as they are wearing their security badges. Otherwise, see the next b-p.

● **Have two to three registration tables to properly vet “People Who Need Admission Tickets”:**

Each such person should be asked to provide personal identification, satisfactory evidence of share ownership, and should be asked to print their name on an attendance roster. Staff should ask if people are “registered holders” or if they hold stock through a bank or broker, or through an employee plan. Registered holders should be checked against a copy of the shareholder list.

● **If people can not be found on the list of registered holders, or are coming as guests of holders, or simply as “interested observers” you need to have a clear-cut plan and clear-cut procedures as to exactly what you will require:**

Most companies insist on seeing a VIF or a copy of a brokerage statement, at least for the head-of-household. But if you have good security staff in place, if no trouble is expected, if there is ample seating room, and if a reasonable reason for wanting to be there is offered, you may decide to allow people in without ownership credentials. But be aware that you will have to enforce this policy uniformly. Increasingly, we see such people being turned away – or sometimes directed to a separate TV room – with a polite explanation that *“if we let YOU in, we would have to let EVERYONE in, so, as we’re sure you will understand, we can’t make exceptions.”*

● **In recent years, steadily increasing numbers of people bearing “Legal Proxies” have been showing up at meetings:** Be sure that your admissions-

desk staffers are familiar with the way the form looks – and with the fact that once they have shown identification that matches the name on the Legal Proxy they ARE entitled to admission, and they are entitled to speak too.

● **There has also been a recent uptick in the number of people holding “proxies” and demanding admission. Sometimes the proxies are simply signed letters from registered holders, designating a “proxy” of their own:**

This is often a sign that the bearer is attending in order to raise an issue that you may not think is a proper matter for consideration at your meeting – or maybe that they intend to “demonstrate”, filibuster, or otherwise be disruptive...so have security keep a special eye on them. If the proxy form bears a name that is not that of the bearer, and has not been properly *assigned to the bearer*, it does not entitle the bearer to be admitted. But if a “proxy letter” is signed by someone who can be found on the registered holder list, and delegates voting authority to the person who presents it, it IS a valid proxy, and that person is entitled to speak, we believe, on “matters that are before the meeting”...but only when they are (i) “before the meeting” and (ii) within the guidelines and time limits that the Chair has prescribed.

● **Apropos, a “best practice” in the current environment is to personally hand a copy of the official Rules of Conduct to each and every person who is admitted to the meeting room:**

This document should, among other things, put attendees on notice about the rules for being heard...and the rules for being ejected from the meeting for failure to observe the guidelines.

● **Admitting the press:** In the old days, most of the larger and better known companies would have elaborate press rooms...with lots of phones and fax machines, copiers, and audio and sometimes video feed...plus coffee, snacks and other amenities. Today, of course, reporters are all on their iPhone, texting

*continued on page 9*

away... if they're there at all. Nonetheless, we have been surprised at the number of meetings we go to where press coverage is strictly verboten. But please note well: such strictures often backfire on companies big-time - by sending a signal that the company has something to hide, as often they do, which makes the press look harder for it. But really, there is no reason why the press can't stay in their press room - and clearly, a lot of troublemakers act up even more if they can play to the press, so keeping them in the press room makes good sense. And back to those iPhones and other gizmos: shareholders DO have privacy rights, and should not be recorded, or have their pictures taken without permission at a shareholder meeting...So ban recording devices, cameras and, of course, cell-phones in the on-position...for ALL meeting attendees.

- **REALLY vetting people's lives:** Sometimes, current circumstances make it prudent for prospective attendees to go through a metal detector...And sometimes, as noted earlier, this is in accordance with normal company procedures. No one really minds a security agent who looks through briefcases or purses anymore...and big items really *ought to be checked* ...and stored in a checkroom. But do this in a cheerful and super-courteous manner, please. The last thing you want attendees to think is that you're scared of something. Another thing we like to see where there's a big and/or potentially troublesome crowd - having *everyone* wear a badge, once they're properly vetted.

## **WATCHING THE WEB:**

*One real smart thing, one kinda scary thing and one really dumb thing crossed our desk last quarter...*

*Re: the web that is...*

- **RAGAN.com** emailed us some superb info about **Pepsico's "Sound Bites"** and what Pepsi believes is the "perfect formula"; seven minutes of four to five interesting, conversational questions and answers with company leaders or topic experts. Regular surveys say that a whopping 91% of listeners find them useful and, while most employees listen at their desks, the number of iPod listeners has risen to 14%. What a great and highly cost-effective way to communicate with shareholders and with other affinity groups too, we think - and to develop a real following here!

- **Here's the scary item: How about "XBRL Spy for the iPhone"???** Now in beta testing, this gizmo will let you "follow, discover, track and share the financial information found in US SEC Corporate Filings" according to their press release...and, yippee...have even less phone-free and work-free time than you have now! (Thanks much to fellow LinkedIn Shareholder Notice and Access member **Elizabeth Gooding** of **Insight Forums** for this tid-bit).

- **And how's this for really dopey: The Library of Congress**, "the 210 year old guardian of knowledge and history," in the words of *New York Times* reporter **Steve Lohr**, "will archive the collected works of Twitter...whose users currently send a daily flood of 55 million messages..."

## **QUOTES OF THE QUARTER..**

*"Whenever you have a lot of money, a lot of change, little or no transparency, and therefore, no regulation, you have the potential for a market disaster. That's what we have in high frequency trading."*

**Senator Edward E. Kaufman, Democrat, Delaware...speaking of the flash-crash in the New York Times**

*"We need to ensure that SEC officials are more focused on regulation and enforcement than on getting their next job in the industry they are supposed to oversee."*

**Senator Charles Grassley, Republican, Iowa...in a June letter to the SEC's Inspector General, calling for a review and tightening up of the SEC's "revolving door" in the wake of a top Division of Trading and Markets official's departure for a high-frequency trading firm.**