Gilberts cite victory at Holly

BY MORTON L. MARGOLIN

After more than 40 years of plugging for shareholder rights and corporate democracy, the brothers Gilbert - John J. and Lewis D. - are counting their victories.

That doesn't mean they are giving up the fight, or that there aren't new dragons to slay in the business jungle. John J. Gilbert made that plain Thursday as he stopped in Denver on his way to Holly Sugar Corp.'s annual meeting at the Broadmoor Hotel in Colorado Springs on Friday.

"We won a real victory there," said Gilbert referring to Holly's appointment of a new president in May. "But we still want cumulative voting for directors and an explanation of why the company cut its dividend by two-thirds."

GILBERT EXPLAINED he and his brother had filed a stockholder resolution to force John Bunker, formerly chairman and president, to give up one job or the other.

Holly did it on its own, elevating Marling C. Chenburg from the job of executive vice president to president, and the Gilberts withdrew their resolution.

"We felt that John Bunker as chairman and president had too much responsibility for one man," Gilbert said. "We feel the same about other companies and intend to press them to separate the jobs. A chairman ought to be chief executive officer and a president should be chief operating officer. Otherwise a man holding both offices is overseeing himself."

Bunker retained the chairmanship at Holly Sugar, and whether the Gilberts brought about the change or not, they count it as a very satisfying victory.

Cumulative voting, which allows a minority stockholder to concentrate his votes on a single candidate for the board of directors if he wishes, is an ongoing Gilbert aim. It is one means of electing minority representation to the board of directors, and has to be fought out on a company-by-company basis.

UNDER REGULAR voting procedures a stockholder with 100 shares and 10 directorships to fill could cast 100 votes for each of the 10. Under cumulative voting he could cast 1,000 votes for just one of the candidates.

Gilbert doesn't believe a public company should be allowed listing if it consistently loses money. He also feels a public company should lose that designation if it fails to pay a dividend.

Gilbert thinks the doldrums in the stock market is now experiencing will help his case for broader stockholder decisions on corporate policy.

"A few years ago there were 34 million Americans listed as owners of common stock. Now that figure has shrunk to 24 million, but the percentage of small stockholders has grown."

He cited successes that only small stockholders working together could accomplish, such as AT&T's agreement to allow secret ballot voting after the Gilberts said it was needed to free employe stockholders from fear of reprisal if they voted against management.

"WE HAVE BEEN saying for years that rules on proxy statements should be changed to allow stockholders to offer their own candidates for directorships. Up to now proxy statements have been management proxies, but the stockholders pay for them. Next Monday my brother, Lewis, is testifying in Washington in support of new rules to make them shareholder proxies and open them up."

Gilbert said the SEC has the power to protect investors under the 1934 act, but must be encouraged to do more. "People

John J. Gilbert

must not go into the market as a quick place to make money. That's like going to the races. They should invest for the long term." He termed the newly popular trading in options "disgraceful" and another way to take the public's money.

Morton L. Margolin is a Denver writer who has specialized in financial matters for many years.