Shareholder Rights

Any financial regulation will be followed quickly by innovation that subverts it.

The problem is the corporation and owner/shareholder rights. Our public companies have been stolen by management and unions run amok.

1. More democracy and empowered shareholders. If this was the case we wouldn't need caps on CEO salaries. Corporate law was developed around 400 years ago when there was a much more limited media and no internet. Shareholders riding herd on management will be a hell of a lot more effective than a few government lawyers and especially SEC lawyers.

2. No reciprocal board seats. That is management and boards can't serve on each other's boards.

3. The corporate veil needs to be much more permeable. When management screws up they should be fined and punished rather than the shareholders who have had nothing to do with it. As it is, management screws up and the corporation gets fined resulting in the shareholders paying.

Management paid bonuses based on 5-7 year performance rather than year to year. This would eliminate the need for clawbacks and insure more long term management decisions rather than quarter to quarter and year to year. Actually, if shareholders had their rightful power of ownership this wouldn't be needed because they would insist on it.

Our corporate laws were really developed 400 years ago. They need to be changed to give the stakeholders control of their assets. Thousands of shareholders ridding heard on management is going to do a hell of a lot more than a few rookie government lawyers. And this would automatically solve the out of control UNWARANTED CEO pay.

Four hundred years ago most people were still illiterate with the printing press only then being widely adopted. Now it's a given that people are literate while we are inundated with information and the media. It's time to adapt corporate law to the new reality.

State legislatures have a bad habit of depriving shareholders of voting power to rig bids for corporate control in favor of the "home team."

The laws allow corporations to be "people", but protect the individuals who direct the activities of corporations from liability. Anyone who has worked very long in the corporate world has seen first-hand the amoral nature of corporate decision-making. Everything is about the bottom line. But no human can behave as "ethically challenged" as a corporation does and get away with it.

Our corporate laws allow the richest people in the world to behave like sociopaths, and then protects them from prosecution. Sure, corporations are occasionally penalized for bad behavior… but so what? What difference does it make if a corporation makes billions of dollars from an infraction, and then is fined a few million dollars afterward? Rarely are corporate executives held personally liable…it's always the shareholders who suffer.

Vested and interested owners/shareholders would create more long term shareholders with an interest in the long term performance of the company. This would help to eliminate the frenzied short term second to second trading on Wall Street. But good luck with this happening. Wall Street only exists to siphon off cash between the owner and the company.

Lee

Terrence "Lee" Zehrer