

## **TERMINATE CORRUPT COMPANIES - Sue Them!**

### **When CEOs Play Politics, Shareholders Can Take Them to Court. Buy Their Stock and Hold Them Accountable!**

After Target established an 'inclusive' restroom policy, its share price plummeted by 40%.

A meeting of the White House Council on Manufacturing on Feb. 23. PHOTO: EVAN VUCCI/ASSOCIATED PRESS

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Memo to activist CEOs: Dust off your notes, open your textbooks, and reread the basics of corporate finance taught at every credible university. The fiduciary responsibility of a CEO is to safeguard the company's assets and acknowledge this overriding principle: "It's not our money but that of the shareholders."

In today's heated political climate, some executives have rejected the fundamentals in favor of short-term publicity for themselves and their corporations. When several CEOs quickly resigned over the past few days from the now-disbanded White House Council on Manufacturing, they cited personal views or political disagreement as their reason for leaving. Those may be truthful reasons, but are they in the best interests of the companies they represent? Wouldn't shareholders be better off with their interests represented in this powerful group of government officials who control regulatory policy?

Some might call Merck CEO Kenneth Frazier's decision to resign from the council brave, but his company would have gained a significant competitive advantage from retaining its seat on the council.

Shareholders may have legitimate questions about the risk of Mr. Frazier's bravery. And if high-profile CEOs have the authority to take such risks, should they bear responsibility for any long-term damage to shareholder value? We say yes.

[Target](#) Corp. shareholders have watched helplessly since last year as another case of political posturing played out in North Carolina, where we work and live. Target's activist CEO, Brian Cornell, responded to the state's contentious House Bill 2, also known as the bathroom law, by announcing a new "inclusive" bathroom policy in April 2016. What were the results? Plummeting sales due to a widespread boycott, an erosion of market share and, most important, a 40% drop in Target's stock price between April 2016 and July 2017. That devastation equated to a \$20 billion [loss of shareholder value](#) while the market rose 15% in that same period.

For the owners of the company—the thousands of small shareholders and the millions of Americans whose pension plans own Target stock—this performance did not affect their annual incomes, but it affected their life savings and retirement. They got sucker-punched. They should punch back.

When shareholders suffer damages at the hands of corporate management, they can pursue one of two legal remedies: class-action suits, in which multiple plaintiffs belonging to a defined "class" join a suit seeking compensation, or shareholder derivative lawsuits, in which

company managers are sued on behalf of all shareholders. Take your pick, Target shareholders. Willful and controversial CEO activism shouldn't be viewed any differently from malfeasance or bad policies. They all reek of leadership malpractice.

In the landmark 1919 [case](#) *Dodge v. Ford*, the Michigan Supreme Court laid out the ruling that has guided corporate America ever since. [Ford Motor](#) Co. must make decisions in the interests of its shareholders, the court ruled, rather than in a charitable manner. The case is often cited as affirming the principle of "shareholder primacy." The ruling affirmed a wide latitude in running a company, but also noted "a corporation should have as its objective the conduct of business activities with a view to enhancing corporate profit and shareholder gain."

Did Mr. Cornell really see a rational link between shareholder gain and Target's inclusive bathroom policy? When Howard Schultz of [Starbucks](#) decides to take away Christmas cups or hire refugees as a challenge to President Trump, and the stock fares miserably compared with its competition, do the coffee chain's 24,000 small shareholders have the right to sue? Again, we say yes.

Justin Danhof, general counsel for the National Center for Public Policy Research, travels the country to attend shareholder meetings of public corporations. According to Mr. Danhof, "activism is driven by the CEOs' belief that progressive ideas are popular among media and that good public relations follows those who espouse those views." This might explain why 127 companies signed on to oppose Mr. Trump's immigration executive order or why 68 companies opposed North Carolina's HB2—even before enough information was available to understand either.

Our message to small shareholders of companies like Starbucks, Merck and Target: You can sue when a CEO decides to institute a corporate social-responsibility program that has no benefit to the business. If you want to ensure shareholder primacy is protected, keep your legal options open.

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By Jamie White

**Democrat campaign financier Apple CEO Tim Cook pledged to donate \$2 million to leftist groups in a memo condemning “racism and bigotry” following the violence in Charlottesville, Virginia last weekend. Tim Cook got \$17 Billion Dollars from Obama in government contracts and perks!**

The tech company will donate \$1 million to the Southern Poverty Law Center (SPLC), and another \$1 million to the Anti-Defamation League (ADL); both being groups that have targeted conservative figures, publications and groups for years.

“What occurred in Charlottesville has no place in our country,” Cook [wrote](#) in the memo. “Hate is a cancer, and left unchecked it destroys everything in its path. It scars and last generations.”

Despite clear evidence of violence initiated by the left, such as the bats, pepper spray and black masks, Cook insisted that their violence was justified.

“I disagree with the president and others who believe that there is a moral equivalence between white supremacists and Nazis, and those who oppose them by standing up for human rights. Equating the two runs counter to our ideals as Americans,” he wrote.

Both the SPLC and ADL seemingly consider “hate” to be any point of view that disagrees with their leftist ideology, evidenced by past actions of both groups against conservatives and Republicans in the last few years.

Last December, the SPLC [published](#) a “Terror of the Right” list, which bizarrely included the Black Lives Matter-inspired murders of police officers in Dallas and Baton Rouge as well as the Orlando Pulse Nightclub attack that left 49 dead.

And preceding the election in November, the ADL [added](#) Pepe the Frog – a popular internet meme – to their Hate Symbol Database, which includes the swastika, SS lightning bolts, and burning cross, after the Hillary Clinton campaign and the corporate media claimed it was a symbol of white supremacy following the widespread proliferation of pro-Trump Pepe memes during the presidential race.

“That cartoon frog is more sinister than you might realize,” [declared](#) HillaryClinton.com. “In recent months, Pepe’s been almost entirely co-opted by the white supremacists who call themselves the ‘alt-right.’”

Cook’s self-professed intolerance for bigotry rings hollow considering his [numerous business deals](#) with Saudi Arabia, a country that viciously punishes homosexuality with floggings and executions.

The tech titan also [opened](#) several Apple stores in the United Arab Emirates, an Islamic Gulf state which also delivers harsh punishments to gays, including jail time, fines, and deportation.