

The Tonge Telegraph

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New Co-Workers...New Rule

I'd like to introduce to you a couple of people now working with me:

Lisa Gagnon: Lisa has been working as my assistant in Waterville for just over a month. She lives in Sidney with her husband and teenage daughter. They are building a new house, which they expect to move into this fall. Lisa's responsibilities include all aspects of running my office except managing money.

Ben Lovell: Ben has an investment advisory practice in York, Maine. He is a Chartered Financial Analyst and CPA with more than 18 years of experience managing money. Ben has specialized expertise working with socially responsible investment criteria. Ben and I have been working collaboratively for the last six months. Although we are not ready yet to formally combine our firms, we are sharing investment ideas and resources, and we are making ourselves available to each other's clients. Ben is available to answer your questions when I am away from my office.

New SEC regulation: In their infinite wisdom, the SEC has created a new rule that effectively makes it impossible for me to continue voting your corporate proxies. I have provided this service for many years, and although the SEC does not specifically prohibit me from continuing the service, it has written the record-keeping provisions in such a way that I cannot comply. In short, the rule stipulates that I keep a record of the vote and document that I have voted your proxy exactly as you would want it done. Never mind that a husband and wife might disagree on how their joint stock should be voted—that is an Excedrin headache by itself. But what about the vote for directors of the company? Not to mention various stockholders' initiatives requiring votes. As I read this rule, it dictates that I check with each of you on each vote and document it!

I am sure the Commission will make adjustments so the intent of the rule -- to prevent a voting conflict of interest -- can be complied with and still leave managers time to manage money, but it won't happen before the rule is implemented. So, you have a form with your account this month that will relieve me of the voting responsibility. There is one form for each account. Please sign where we have indicated and return the forms to us in the envelope provided. We are asking Schwab to change Part 2 A & B. If you have any questions, please don't hesitate to call.

The Markets: The stock and bond markets are acting just as they should at this stage of the economic recovery and in mid-summer. There is some gentle up and down rolling of the stock market but all activity so far has been within easy reach of the 9000 level on the Dow. The Bond markets are reacting to the recovery and large new offerings by the government. Rates are better than a month ago and will probably get better still.

Enjoy the warm weather!