

Trusteeship Capital, Inc.

An Investment Bank to Establish Trusteeship Capitalism

Trusteeship Capital, Inc. (TC) is committed to modeling a new corporate structure where the good of all is the priority instead of the good of a few called the shareholders. It is our belief that a world dominated by multinational corporations where, by contract, all involved are obligated to give priority to the financial interests of a few shareholders at the expense of the common good is no longer the highest level of maturity of which we are capable. TC is committed to building an industry of TC Holding Companies that will multiply rapidly, work together, and eventually buy more and more conventional corporations in a loving, responsible, and business like manner as a transition to “trusteeship capitalism” as the dominant form of corporate structure.

The structure TC will use is as follows. Alongside TC, a for-profit corporation, is Trusteeship Institute, Inc. (TI), a 501 (c)(3) tax-exempt foundation. It owns all the common shares of TC and holds them in its endowment. TC purchases companies. We believe there will be a line of family owned businesses as far as the eye can see interested in having us buy them because we will give priority to the common good as much as possible in the modern market economy and be quite successful at it through creative relationships with employees and the community. Therefore, we will be very concerned about the three main interests, after price, of many owners of family owned businesses: the good of the employees, good relationships with the community, and sustaining the good reputation of the former owners in the community.

When it comes to purchasing the companies, we will negotiate a fair price. TC will create Trusteeship Equity Fund (TEF), an investment fund to raise the capital to purchase the companies. As much as possible, to whatever degree acceptable to the sellers, part of the purchase price will be paid with stock swaps with TEF, with notes taken back by the sellers, and other loans. This is to make it possible to buy more companies with the capital raised.

At least 51% of the voting rights of the companies bought, and where possible some or all of the common shares, will be given to Trusteeship Institute, Inc. This is so it will have ultimate control over all the companies.

On its board will be mature business leaders who are committed to the building of trusteeship capitalism. Their job will be to make sure the boards of the individual companies continue to give priority to the common good in a way that sustains and expands the company's growth in the modern market economy. The TI board will have the following contract with the board of each company:

1. Full responsibility for managing the company as a trusteeship corporation will be delegated to the individual company board.
2. They will have veto power over all decisions made by the company.
3. They will try to never exercise that veto power. And,
4. If there is ever a disagreement, every effort will be made to work out the disagreement through a consensus process with the two boards.
5. If push comes to shove, TI has the final say.

Finally, there will be a Mature Elder Community as a third major group. It will be comprised of those who are considered the most mentally and emotionally mature people in the community, some of which will be experienced business people. This group is consulted whenever there are conflicts within the other two major groups, TC and TI, and whenever it is time to bring new people onto their boards of directors. This is to ensure that maturity is given the highest priority relative to business acumen in the selection process.

We believe there will be investors who will be strongly supportive of this endeavor. The investment in socially responsible mutual funds, and stocks and bonds, has demonstrated this...now at \$2.2 trillion. The strong support for community development finance also provides evidence that this step beyond these two endeavors to this next stage of corporate maturity will find ample financial support.

TC is operative at this time but only on a limited basis...providing consulting and investment banking expertise. A seasoned investment banker, William Burdette, is the CEO. A full launch and establishment of Trusteeship Equity Fund will occur in the later half of 2003. If anyone is interested in exploring this option for his or her business, he or she should contact Bill at 305-479-4798 or Terry Mollner, Chair of TI, at 413-584-8191.