



Helping Entrepreneurs Make Their Dreams Come True Since 1991

### **Man Overboard!! Save the Date!!**

Join us for the revived sort-of-annual TCLG Whitewater Raft Trip Saturday, **May 17, 2008**. Client's are just \$100; all others \$300; opposing counsel \$1,500. Call now. Space is limited to the size and flow of the South Fork of the American River. Beginners welcome. If you get hot just jump into that fresh snow melt. Brrrr!!

### **Executive Compensation**

The Buzz has watched with interest the increasing number of CEO's who have made a bunch on their stock and have forgone their salary. Googlers Eric Schmidt, Sergey Brin, and Larry Page last year lowered their salaries to \$1 (from the already-not-very-high \$250,000 for Schmidt and \$150,000 for Brin and Page). Similarly Whole Foods Markets CEO John Mackey late in 2006 sent a letter to his employees stating that he was lowering his own salary to \$1 for 2007. In a well written letter Mackey said that, "The tremendous success of Whole Foods Market has provided me with far more money than I ever dreamed I'd have and far more than is necessary for either my financial security or personal happiness." Apparently in an effort to do even more good, Mackey also had the Board deposit \$100,000 into a Whole Foods Global Team Member Emergency Fund, to be used by and made available to Whole Foods Markets employees with emergencies, and donated future options to two company foundations. Many people use their compensation as benchmarks for anticipated personal happiness, skill at a given endeavor, or societal value. Compensation has components of all of these things, but cash compensation truly measures none of them. Even stock compensation measures more of a collective effort, rather than an individual one. Though we are avid free-marketers, we generally applaud CEO's whose desire for personal wealth has an end point (because most others' greed has no bounds at all). But we find slightly disingenuous the protestations of Bill Gates, George Soros, and Warren Buffet. Their recent cries for "humanity" in business fall on deaf ears to the extent that they ignored that humanity while growing their own personal wealth. We find more honest the CEO who sets the stopping point well below the \$1 billion mark. Just as compelling is the CEO who does not immediately layoff employees for a few more cents a share profit, or scheme endlessly to put a competitor out of business. Sure fiduciary obligations are important, but leaving a trail of scorched earth in your path may not be absolutely necessary to ensure that you are handling stockholders, assets well.

### **Good Work!!**

We helped our client Lynley Sides set up a business consulting firm Sides & Associates, Inc. about 6 years ago. Things have gone so well for S&A (with a string of successful engagements, loyal clients including Genentech, and small team of exceptional people) -- that some of the profits were used to start Small World, a Mandarin and Chinese Culture program serving young kids all over the East Bay and growing quickly. Small World fills a strong unmet need (similar programs exist all over the Bay Area but not in the East Bay where there are many mixed race families, adopted Chinese girls, and others who just want their kids to learn the fastest growing language in the world today). The best part is that Small World is a platform for raising and contributing hundreds of dollars a month (and growing!) to special needs orphans in China. We're proud of Lynley and her hard work. Unlike Gates and Buffet (see above), she's trying to give back a little bit now, rather than waiting until she has billions.

### **BizBuzz Jazz**

#### **Communist Alert!**

This will date the Buzz, but we used to love reading Joe Bob Briggs Drive-In movie reviews in the Chronicle and laughed when he yelled "Communist alert!" whenever a drive-in movie theatre closed. Well ol' Joe Bob's epithet seems appropriate for recent developments in Oklahoma. Seems the Sooners are criminally prosecuting three political activists for soliciting petitions for a ballot initiative. An old Oklahoma law outlawed non-residents from soliciting signatures. The OK Supremes rejected the initiative that had garnered sufficient Okie signatures for inclusion on the ballot as violating this residency requirement. The three solicitors were arrested, shackled and arraigned. If we lived in Okie we would certainly feel safer knowing that not just anybody could approach us in a mall and ask us if we thought the citizens should be able to vote on something. Whew!

#### **Res Ipsa Loquitur**

##### **By the Numbers:**

Google Employees:  
2006—9,378  
2007—15,916  
SH props on CEO Pay:  
2006—9  
2007—74  
Internet Ad spending:  
2006—\$4.1 billion  
2007—\$5.2 billion  
Amazon Stock Price:  
2006—\$38.50  
2007—\$85.90  
eBay 4th Q Rev:  
2006—\$1.72 billion  
2007—\$2.18 billion  
2008 Econ. Freedom:  
90.3—Hong Kong (1st)  
80.6—US (5th)

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Biz Buzz is not advice on any legal matter.

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