

## 2017 Uppie Awards Show

### Business and Public Company Ethics

Featured Speaker Chet Billingsley, CEO of Mentor Capital, Inc. (OTCB: MNTR)

In front of me, I see the men and women of business. Heroes, sometimes silent heroes but heroes all. A lot of you might say: “*No, no, no. That is for firemen and Babe Ruth.*” To answer that question, I have to talk about my grandfather. My grandfather was a blacksmith, and he won a prize at the state fair, for, on a stand, picking up a horse. So, a heck of a guy. And he smoked. I think everyone smoked then, and he got emphysema. By the time it was the 1950s, and I was a young lad, he needed a shot of brandy to get out of bed in the morning. He was going to die. They had a little bit of money because they had a store about the size of a 7-Eleven, so they bought one of the first air conditioners, about that big. But, it saved his life.

That wasn't a doctor that saved his life, that was somebody in business who started this new-fangled thing. People that didn't have air conditioners did die. Today, when the power goes out in Chicago, dozens sometimes hundreds of people die because they are on the edge. They are old, not too healthy, and their lives are improved because of people like you doing different things with nutrition, housing, and transportation. The government has looked at this carefully, and they have concluded that when the economy receives an extra \$5 million dollars, by doing the same thing for cheaper, or at the same rate doing it better, on average, a life is saved.

So, you might sit back and contemplate to yourself, over your career; how much have you improved things? How much have you contributed to the economy and made it better? And, for every \$5 million dollars, that you have done over your career of improvement, you have saved a life. I bet the people in this room has saved more lives, indirectly of course, than any group of firemen going. Certainly, more than Babe Ruth.

But, that is hard to define; firemen run into the fire, but how about you? How do you define yourself? It's hard to do that. If you look at the news, we are all money grubbing bloodsuckers. But, Peter Drucker, dubbed the father of management, counselor to presidents and business luminaries like Jack Welch, he defined it very well I think, he said: “*The men and women of business are the stewards of the assets of society.*” And, if you are good stewards, society improves, and if you want to be able to measure how well you are doing, you can say: “*Well, how many clicks of \$5 million have I been able to knock off?*”

So, we know that that is a good goal. That would be sort of the ideal. But, in order to do that, we have to do it efficiently. If it's messy, we don't do it right, or there's bribes, or monopolies,

or even unions that are abusive. Or, we just give ourselves more cash than we should, we get more shares than we should; then we know from economic studies, that decreases the contribution by about a third. So instead of saving the most lives, you sort of didn't do so well.

I want to talk about how ethics and how public companies can improve that. Or, what we might do. Ethics are the rules of the road, that help us get things done and act well with less friction. The Judeo-Christian side of things is: "*Thou shall not lie, cheat, or steal and no sexual hanky-panky.*" If you are a Buddhist, it is: "*Right thoughts, right actions, right deeds, and be diligent like Buddha.*" A very interesting thing is, I think, in the Middle East is to a large extent, concentric circles of loyalty; they are more loyal to the people that are closer. And that can be summarized a bit with a little Arab phrase: "*Better a hundred mothers should cry than my mother, better my mother should cry than I.*" Which, I find extraordinary to hear. There is another set ethics, sort of secular ethics that has evolved, and that is: "*Whatever is legal is moral.*" Its stepchild, sort of evil stepchild, is: "*Anything that I can get away with and not get caught is moral.*" That brings us to the public markets.

The public markets, there are many, many people here involved, more involved than I, more experienced than I, and we know, I know so you know, that really you can do pretty much anything you want. So how do you balance that against something that you are familiar with? I think that people are more familiar with partners. If I said: "*Does anyone have a partner?*" Pretty much every hand would go up. But if I said: "*Would you cheat your partner?*" Most people wouldn't raise their hand. Nobody would raise their hand. Most people wouldn't think that way. You might think if they did you wrong you would get them back. But if I asked: "*If you had a partner that was enfeebled and blind? Would you cheat that partner?*" Nobody would do that. Everybody would think that you would be lower than the belly on a snake if you cheated a blind, enfeebled partner. Well, public shareholders are sort of like that; they don't have any power. Most don't know what the difference is between a warrant and an option, let alone an option and a stock sometimes. So, they are very weak, blind and enfeebled. They can only rely on us to do the right thing, to try and be heroes, to make a difference. I admonish you, as much as you can, to think about taking that high road. If you have made it to that public market stage, well, you have got enough, you're okay. You can only spend so much. Ask yourself instead: "*Well, how many lives have I saved this year?*"

Thank you.