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Voices in the Corporate Wilderness
Staff Reporter
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This story is part of a special series by TheStreet.com investigating shareholders' reaction to corporate corruption on Wall Street.

Les Greenberg, a semiretired securities lawyer in Culver City, Calif., became a shareholder activist over lunch – or, more precisely, because of lunch.

Greenberg and his wife grew fond of a bargain entree called the LuAnn Platter while eating for 30 years at the Luby's (LUB:NYSE) cafeteria chain. Fond enough that when a new management team tried to revamp the chain and sent the stock into a tailspin, Greenberg, with the help of a Yahoo' message board, reached out to other disgruntled Luby's stockholders. With some of their support, he plunged into the rough-and-tumble world of shareholder activism, organizing a low-budget slate of dissident candidates to take on the board of directors at its January 2001 annual meeting.

Greenberg represents a small but growing group of individual shareholder activists who face a host of obstacles to effecting real change. They are underfunded and don't control much stock, and they generally rely on nonbinding resolutions to make their opinions known. Still, these rabble-rousers carry on, their voices rising in outrage as the list of corporate scandals lengthens. Even if they can't force change, the activists' growing profile has made other shareholders aware that there's an alternative to silent assent.

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Fighting Back

For Greenberg, there was more at stake with Luby's than share price.

“She [Luby’s] was being raped and pillaged, and we wanted to save her," Greenberg recalled. The LuAnn Platter, a discounted combination plate, became the emblem for Greenberg's effort to turn the company around. “We had a real feeling for this organization. It was a tight-knit group and a lot of people writing on the bulletin board were managers and former officers of the company. "

Greenberg had high hopes for his dissident slate of director candidates because it included three retired Luby's executives and also gained support from the daughter of a Luby's co-founder. But the slate ultimately lost the election, in part because the campaign itself forced enough change that the former executives became satisfied and withdrew their support. Still, Greenberg didn't completely lose, given that during the battle, Luby's unpopular CEO abruptly resigned, and the company began making changes. Two well-respected restaurateur brothers later came in as "white knights" and took over management of the company.

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The Rewards

Why does he bother?

… [R]unning one of those is far more difficult, expensive and time-consuming than submitting a shareholder resolution, and is consequently largely off-limits to small shareholders. Greenberg managed to run a low-budget battle that cost only $15,000, thanks in part to his legal expertise and campaigning via Yahoo. …

The Pros

Professional investors rarely bother with nonbinding resolutions.

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For Luby's activist Greenberg, once was enough. "It is a humungous, thankless task," Greenberg said noting that to this day, a company nominates every candidate on its proxy, forcing would-be dissidents to shell out upwards of $250,000 to name their own ballot. "I would rather invest in companies that are well-run and not have to think about doing this."

Instead, Greenberg has broadened his fight and is now asking the SEC for a rule change that would make it easier and cheaper for shareholders to run a dissident slate of director-candidates. "People have written to us and said if they don't get a say who is going to be the watchdog on their behalf they're just not going to invest anymore," Greenberg said.

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