

THE UNIVERSITY OF MICHIGAN

CONFIDENTIAL

March 24, 1983

Memo To: H. T. Shapiro
From: J. F. Brinkerhoff
Subject: Divestment Strategy



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OFFICE

Dick Daane and I had an extensive conversation on the issue of - assuming a fundamental divestment strategy required by the Board, how do we protect our capacity to actively pursue the Constitutional issues in court. Setting aside Dick Daane's considered opinion that the more at stake, the greater attention a court will pay to the principle at issue, our general consensus is that if a resolution to divest includes a provision that the Regents shall not be obligated to sell shares of stock in any corporation which does business in South Africa, the retention of which is a donor restriction, and if we were able, in spite of the sale obligation, to specifically retain, for example, all of our holdings in IBM or a nominal amount of stock in each of the companies we currently hold and perhaps undertaking the suit early based on USSR holdings, we retain a strong legal position.

One of the problems has to do with the length of time that such legal pursuit might entail. About the fastest move through Circuit Court, Court of Appeals, and Supreme Court would be two to two and a half years from inception. Were we to undertake this route, Dick would intend to handle the case himself.

Attached hereto is a first rough draft of a "Dunn" resolution. It does not yet address the maintenance of existing shares for retention for litigation nor a list of shares we may have on hand subject to donor restriction.

I am loath to leave at this time in that you may find it desirable to have some informal Regents gatherings during the next two weeks. In extremis, Sue can find me so I could be available.

JFB/seb
attachment
cc: R. K. Daane
N. G. Herbert
R. L. Kennedy

100-154177

Resolution Amending Paragraph 4 of the
Resolution Adopted by the Board of Regents
March 16, 1978 and Amended September 21, 1979.

The Regents shall not hold the shares of stock of any corporation which does business in South Africa.

The Regents shall not be obligated to sell the shares of stock of any corporation which does business in South Africa which is donated to the University and maintained in a specifically invested account. (Donor Restrictions.)

The selection of common stocks for the Buy-Write Program is not restricted whether a company does business in South Africa or not. (The Buy-Write Program Strategy is such that it is expected that the stock acquired would be called away. The stocks purchased are not expected to be permanent investments, therefore the buy-write program is considered as an alternative to fixed income obligations.)

The monitoring process and annual reports to the Regents regarding corporations policies as they relate to their operations in South Africa will no longer be required.

For those equity securities held by the University for donor relations purposes or in a specifically invested account, the University shall vote its proxies in favor of resolutions calling for withdrawal, non-expansion and for corporate policies prohibiting sales of strategic goods to the South Africa government.

The University support shareholder resolutions calling for no new entry of companies not already operating in South Africa.

NGH:jca

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