

# Notes From the Chairman



## Letter From the Chairman

2016 was a great year for Continental Stock Transfer & Trust Company. Our share of the IPO market, and in particular, the SPAC market increased dramatically in 2016. In the SPAC arena we closed 12 SPACS IPOs which raised almost \$3 billion. Additionally, our Corporate Actions processing business continues to mushroom. We continue to see increased volume on Corporate Actions for our existing clients as well as for deals referred by Citibank and Wells Fargo. Indeed in 2016, Continental handled more than 200 Corporate Actions involving the payout of more than \$25 billion dollars, a 20% increase from 2015. It is a testament to our expert team of Corporate Actions specialists that Continental has become so dominant in this field. In the past year, we have consummated deals on behalf of Intel, Verizon and Amazon – major companies with household names. There is every reason to believe that 2016's volumes will continue to expand.

On the regulatory front, I continue to sit on the Executive Committee of the Securities Transfer Association (STA) and this year has been a busy

one. First and foremost, the SEC came out with a concept release and series of proposed rules to modernize transfer agent rules which have remained, for the most part, unchanged for more than 30 years. We at the STA filed detailed comment letters and met with the Commission. We made the case that updated rules are long overdue and should be implemented at the earliest possible date. Unfortunately, we have been involved in the proposed rules process for more than 12 years at the Commission and new transfer agent rules never seem to get to the top of the pile. Given that Chairman White has stepped down and that there are two other vacancies on the five-person Commission, it is unlikely that those positions will be filled any time soon. As such, the chances of final transfer agent rulemaking by the Commission seems unlikely in 2017. Nevertheless, we will keep you advised as events unfold in this regard.

Likewise, DTC had proposed in 2015 new rules relating to eligibility in their FAST Program, which permits issuers to participate in DTC's book



**Steven Nelson**  
 President & Chairman  
 Connect with me  
 directly at 212.845.3201

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entry system. As previously noted in my prior Notes from the Chairman, DTC FAST Eligibility is the linchpin for depositing and trading shares of small issuers. DTC actions in barring entry for issuers in the DTCC's FAST System together with more stringent requirements of clearing brokers have led to hundreds of issuers becoming untradeable, thereby disenfranchising shareholders of those issuers.

In this process, DTC also imposes what it calls "locks" and "chills" on issuers that it deems unworthy due to suspected fraud. The process for removing those locks and chills has proven virtually impossible to navigate.

Based on an Order of the Commission in March 2012, DTC was to propose new rules to facilitate the process and afford issuers real due process. DTC finally proposed new rules in 2015 and after much opposition from the STA and other commenters, the Commission recently approved the latest version of DTC rules which does afford issuers a modicum of due process. While we at the STA were not entirely successful in achieving all our goals in the final rules, we were able to achieve significant improvements on behalf of our issuers and the trading public.

**Exciting New Moves**

2017 will prove to be a very exciting year indeed for Continental. In the first instance, we are pleased to announce

we will be moving our offices in April 2017 to the 30th floor at 1 State Street Plaza. This first-rate, state-of-the-art building offers unparalleled views of New York harbor and the finest in space and telecommunications options. We are very excited about this move, as I believe that every company should refresh its operation every 10 to 15 years; and Continental will not only refresh its space but its entire operation as part of the process of moving and moving forward.

Significantly, Continental has also decided to change its software platform from SunGard's CSSII system (which we have utilized for more than 25 years) to the TranStar software of TS Partners, Inc. TS Partners is a leader in software processing, whose system is used by other commercial transfer agents large and small as well as other notable issuer self-agents. The shift in software platforms continues our mandate to get better each and every day and each and every year. The TranStar system is simply the finest system available; and TS Partners has agreed to conform this platform to each and every request that Continental has mandated to ensure that we can provide the finest processing platform anywhere on behalf of our customers.

So, as you can see, 2017 will be a momentous year for Continental and our customers, and we are very excited about all of these significant enhancements and changes! ▼



## Continental Stock Transfer & Trust Plans Move

*As published via GLOBE NEWSWIRE on January 26, 2017*

Continental Stock Transfer & Trust Company ("Continental"), the nation's fourth largest stock transfer agent, is pleased to announce its impending move to new headquarters, expected April 2017.

The newly designed 36,000 square foot office space at 1 State Street Plaza will offer state-of-the-art equipment, technology and a modern layout, providing a superior work environment overlooking New York Harbor, with unparalleled access to all forms of public transportation.

This exciting announcement follows a press release earlier this week describing Continental's selection of TS Partners', TranStar platform to provide enhanced customer and shareholder stock/equity solutions. These significant announcements further reflect the Company's commitment to next generation stock transfer servicing and best-in-class performance, employing expansion for growth to meet our customers' needs now and in the future.

Steven Nelson, Continental's Chairman and President stated: "This first-rate, state of the art building offers unparalleled views of New York Harbor and the finest in space and telecommunications

options. We are very excited about this move to 1 State Street Plaza, as I believe that every company should refresh its operation every 10 to 15 years; and Continental will not only refresh its space but its entire operation as part of the process of moving and moving forward aggressively into the future."

### Continental Stock Transfer & Trust Company

Continental Stock Transfer & Trust is the fourth largest stock transfer agent in North America, handling more than 1,100 public and private issues and aggregating more than 2 million shareholders. For 53 years the company has delivered to its client's reliability, stability and premier service at an exceptional price. Continental offers a wide array of services, including public and private offering administration, issuance and transfer of shares, management of restricted transfers and option exercises, maintenance of shareholder stock ledgers, including cost basis history, dividend disbursement and investment plan services, as well as corporate event administration and escrow services. In addition, the Company has a dominant position in the Special Purpose Acquisition Company SPAC/IPO business and has been routinely recognized as the leading North American Transfer Agent, delivering exceptional services and unmatched value to its customers.

Learn more at [continentalstock.com](http://continentalstock.com). ▾



## From Your Account Administration Team Relating to the TranStar Platform

We are pleased to announce that Continental has migrated to a new software system and enhanced processing platform which will allow our customers to access a new state-of-the-art on-line system. Continental continually strives to provide its customers and their shareholders with the highest level of customer service in the industry and this move to TS Partners' TranStar platform furthers that goal.

Our aim is to provide you with more efficient service that is tailored to meet today's industry demands and we believe you will find these changes and developments to be both effective and exciting.

As there will be a conversion/migration period, your account administrator will keep you informed and provide you with your initial log-in credentials prior to the anticipated effective date.

Continental greatly appreciates your business. We value your feedback and your account administrator would welcome any recommendations to best serve you and your company's shareholders. ▼



	FEATURE	BENEFIT
Superior Functionality	Designed and serviced by industry veterans	The system is comprehensive for every conceivable transaction and recordkeeping function
	Easy to learn and use	Users ramp up very quickly
	More than 200 standard reports	Eliminate time-consuming "off-line" report generation
	Easily customized	Get the reports and features you need, when you need them
	"As of" processing and reporting – reports generated for any date at any time	Eliminate need for printing and storing reports Ability to immediately change or enter future dated transactions instead of tracking offline
	Comprehensive	Eliminate workarounds and minimize risk of input errors
	Shareholder snapshot contains all key account info in one window	Significantly improve customer service
Better Platform	Windows-based	Preferred platform for users and IT administrators
	Familiar user interface	Intuitive, easy to learn and use
	Flexible architecture	Easily customized
	Central name and address file	Consolidated views of holdings, easier maintenance
	Shareholder internet access option	Reduce telephone inquiries and improve customer service
	Disaster recovery option	Protect data and ensure data availability, access to our customer service 24x7
Highest Level Of Service	Prompt customization	System modifications
	System upgrades at no charge	Improved functionality on an ongoing basis All updates are delivered electronically

# Continental Selects TS Partners, Inc. as their Software Partner

*As published via GLOBE NEWSWIRE on January 24, 2017*

Continental Stock Transfer & Trust Company (“Continental”), the nation’s fourth largest stock transfer agent, is pleased to announce a partnership to provide the most advanced information technology tools available in the industry for our public and private customers. Continental has engaged TS Partners, Inc. (“TS Partners”) as their software partner to provide enhanced solutions for shareholder recordkeeping, plan services and issuer/shareholder access.

TS Partners was founded in 1985 by financial industry veterans. TranStar, the flagship system of TS Partners, is designed to recognize that while issuers’ needs are often similar, no two customers are identical. This philosophy has been a core value of Continental since its formation in 1964. A key to this alliance is the shared commitment of Continental and TS Partners to enhanced automation and straight-through processing.

This partnership comes at a transformational time in the stock transfer industry. Issuers are looking for dedicated and long-term relationships to provide flexible solutions with hands-on account administration liaisons. The partnership with TS Partners fully equips the Continental team to offer tailored choices, through the TranStar platform, to effectively service our customers’ shareholders well into the future. The transition has already commenced and is expected to be completed in Spring 2017.

Partnering with TS Partners and their TranStar platform will continue Continental’s commitment to providing best-in-class stock/equity solutions tailored to our customers’ needs — solutions

that are flexible, highly automated and secure while providing unmatched quality and value.

“Continental Stock Transfer & Trust Company is extremely pleased to announce its alliance with TS Partners, now clearly the industry leader in stock/equity software,” said Steven Nelson, President and Chairman of Continental. “We believe that the TS Partners alliance allows us to offer a more robust, automated and responsive array of services to our customers and we feel confident that we will be able to leverage this arrangement for significant near and long-term growth.”

Continental’s clients can expect a seamless transition, along with detailed communications in the coming weeks to outline these numerous enhancements, including: immediate processing, on-demand reporting, an integrated platform supporting all transfer agent data needs, compliance with current and anticipated regulations, secure data transmission to comply with OTC’s Transfer Agent Verified Shares Program, and a licensed software fully controlled and operated by Continental.



“When we started TS Partners in 1985, I could only have imagined doing business with a client with the depth and expertise of Continental. TS Partners has worked diligently on continually improving and expanding the capabilities of our TranStar system to make it best-in-class. Its selection by Continental is a testament to our laser focus and years of hard work. Now, with direct access to Continental’s teams, we anticipate even further expansion in the capabilities of our industry-leading transfer agency system,” remarked Ben Goldfield, CEO of TS Partners, Inc.

### About TS Partners, Inc.

TS Partners was founded in 1985 by financial industry veterans to provide financial institutions and corporations a better way to manage their Stock Transfer & Shareholder Recordkeeping business. Principals of TS Partners, Inc. draw on their extensive trust and investment management software development and servicing backgrounds to design and develop systems specific to stock transfer. Superior functionality, a preferred technology platform, and unparalleled client service have helped TS Partners win a blue chip client list with some of the most prestigious names in Stock Transfer. ▼

## Continental’s Annual Meeting Guide

To assist you in planning your Annual or Special Meeting, Continental offers its expansive “one-stop” suite of proxy services:

- > Proxy card and material design consultation
- > Broker search services
- > Interface with the DTCC, Broadridge, plan administrators and intermediaries

- > Notice and Access and traditional material distribution (including stratified mailings and householding)
- > Online document conversion and web hosting services
- > End-to-end financial printing services, including material evaluation and verification
- > iPad® and tablet-friendly online documents with industry-leading features including tiles
- > Telephone and Internet voting platforms
- > Proxy tabulation with daily online reporting
- > Management reports, such as voted and unvoted lists, that help you calibrate your strategy
- > Material storage and fulfillment
- > EDGAR & XBRL services
- > Inspector of election
- > Invoice verification and processing
- > QR code scanning capability

Continental and EZOnlineDocuments collectively provide a streamlined navigational system designed for tablets: Tiles Navigation! This tile-based interface allows users to easily select important sections of your document with their touch-based interface. Embrace all your users on any laptop, desktop, iPad, tablet and other mobile devices: present your document with this state-of-the-art navigation, as well as, other key features such as page swiping and social media integration.

The Annual Meeting Guide and our Glossary of Terms can be found at [cstproxy.com/annualmeetingguide](http://cstproxy.com/annualmeetingguide).

To plan your annual or special meeting, please contact your account administrator or Gail Schweda, Director of Proxy Services, at 212.845.3241 or [gschweda@continentalstock.com](mailto:gschweda@continentalstock.com). ▼

## Dividend Reinvestment and Direct Stock Purchase Plans

Dividend Reinvestment Plans ("DRIPs") are a great tool for investors who want long-term investments with possible discounted prices and for issuers in that they offer low-cost access to capital. Continental offers DRIP services for different types of plans; i.e., Company sponsored, Bank sponsored or DRIPs associated with Direct Stock Purchase Plans ("DSPPs") and Employee Stock Purchase Plans ("ESPPs"). Continental uses an independent, registered broker to facilitate all buys and sells, but will also use a broker that is preferred by the issuer. As there may be buy/sell restrictions during blackout periods, Continental has the mechanics to put these rules in place as appropriate. An ESPP allows participating employees of an issuer to buy shares also at a possible discount. Employees contribute to the Plan through payroll deductions. The funds are then used to purchase shares on behalf of the employees and held electronically, including fractional shares. DRIPs and DSPPs often have min/max investment requirements, broker fees and tax reporting requirements. Our Dividend Reinvestment Department expertly manages all these features for many different companies. Enrollment for your investors is fairly easy and includes enrollment and investment options through the Internet. If you are considering adopting a plan, or want more information on how DRIPs work, please contact your account administrator. ▾

## Shareholder Services Association (SSA) Offers a Discount Membership

Continental has been a long time sponsor of The Shareholder Services Association (SSA). SSA is a nationwide network of shareholder services industry professionals. Their diverse membership includes corporations of all sizes, transfer agents and a wide variety of specialized service providers. Whether you are new to the industry, a seasoned professional or someone who has multiple responsibilities, the SSA offers education and networking opportunities to help you succeed. ▾

### Become an SSA Member Today!

The Shareholder Services Association (SSA) is a specialized group which is focused on the responsibilities and tasks of Shareholder Services' professionals.

Submit your membership application by March 31, 2017 and you will receive the following discounts:

\$100.00 off your membership fee

\$200.00 off your 2017 Annual Conference Registration Fee

Join at [shareholderservices.org](http://shareholderservices.org) and enter discount code **CST**. For questions, please contact Abby Cowart at 888.574.3288 or [acowart@shareholderservices.org](mailto:acowart@shareholderservices.org). ▾

“ I just wanted to thank you and your team for a job well done and well communicated to all of us. You helped make a very confusing and exhausting process easier to understand and digest! Thanks again for your efforts. ”

Scott L. Mathis | Chairman & Founder  
Algodon Wines & Luxury Development Group, Inc.

# Can a Stock Surveillance Program Work for You

by Tim Vaeth

## What is Stock Surveillance?

Stock Surveillance seeks to provide companies with a clearer vision of the institutional component of its overall shareholder profile. The primary objective is to provide current share positions that go beyond what is easily available through public disclosures (13F, 13D, 13G, etc). In addition, a surveillance analyst provides commentary into the day's real-time trading activity. Occasionally a surveillance provider will be called upon in more of a defensive engagement in order to track the activity of a known activist investor(s). Overall, an experienced analyst is a valuable resource of information regarding numerous subjects such as corporate activism, short selling activity, sector peer activity, investor targeting options, debt holder identification and tracking, etc.

## How Surveillance Works

Typically, a surveillance analyst continually monitors a client's daily real-time trading activity and offers insight when there are notable volume spikes

and/or price swings. Input from an analyst can be derived from recent trading and settlement patterns, overall market conditions as well as sector and peer related news. Upon trade settlement (T+3), weekly security settlement ledgers made available by Depository Trust Company (DTC) are analyzed in hopes of determining who are the likely notable institutional buyers and sellers over the trading period under review. This information also accounts for notable retail and hedge fund related movements. Monthly reports are then compiled that are primarily driven to provide an updated list of institutional positions in the stock. A number of additional items can be incorporated based on the company's specific needs, such as: graphs depicting historical price/volume, short interest positions, investment styles, concentration graphs and peer performance comparisons.

## Why Engage the Services of a Surveillance Provider

There are several reasons to retain the services of a stock surveillance program. To see if it would benefit your company, it would be prudent to first ask a few questions:

### **Are we able to handle this function in-house?**

To efficiently monitor and analyze trading activity can be costly and time consuming. Monitoring trading activity requires subscribing to a trading platform that provides real-time trading, various news services, research reports and public information drawn from SEC filings. This information must be continually pored over to get a clearer understanding of the contributing factors affecting the stock. The next



step is to put a name to the recent notable buyers and sellers of the stock. This requires a thorough dissecting and examination of depository settlement ledgers. A seasoned surveillance professional draws upon his or her knowledge of the investment community and their custodial bank/broker relationships. It is safe to say that this expertise takes years of practice and cannot be efficiently applied in-house. Finally, when you add up the cost and the hours spent in attempting to perform surveillance in-house, you will find the more affordable option is to enlist the services of an outside provider.

#### **Can we rely on the information available from public records?**

Institutions file their Form 13F holdings with the SEC within 45 days at the end of each calendar quarter. This information can become stale and outdated. As an example, when an institution buys stock on April 1, it is captured in its quarterly 13F filing of June 30. The institution then has a 45 day window ending August 15 to record the filing. Therefore, it is possible that the identity of the institution behind the buying on April 1 could remain unknown for as much as 135 days.

#### **Do you have an understanding of the overall make-up of your shareholder profile?**

A stock surveillance program can provide you with a detailed understanding of the overall composition of your shareholder profile (percentage held by company related shares, institutions, retail, etc.). This can be advantageous to both the Investor Relations Program and as a compliment to any solicitation efforts. To have a clear understanding as to how much is held by the various voting components to the shareholder profile can be useful when orchestrating a successful solicitation campaign.

#### **If needed, are we able to gather background information about institutional holders?**

Through a surveillance provider you can ascertain background information about an institution's professed investment style, strategy, rate of turnover, activism, etc.

#### **Can we monitor and track the movements of any potential non-passive investor(s)?**

Most surveillance programs have a proprietary database that keeps track of known activists and where they typically hold their positions within the depository. Monitoring any further movement by a potential hostile investor helps management in its assessment and strategic planning going forward. Tracking the activity of an activist investor complements the proxy advisory and solicitation services offered by our affiliate Regan & Associates.

#### **The Bottom Line**

Knowing the "Who" and the "Why" behind your stock trading activity can be valuable information when making corporate governance decisions. Receiving a custom-tailored proposal costs nothing, yet, can provide your board and senior management team with an additional pro-active, defensive tactic.

Stock Surveillance proves (is) *most* valuable when it is pro-active and not reactionary. The ideal time to have a Stock Surveillance program in place is *prior* to any unusual trading volume or wild price swings; *not after*.

Tim Vaeth is President of Barclay Street Group, a leading provider of stock surveillance services with over 30 years of experience specializing in the micro and small cap universe.

Learn more at [barclaysg.com](http://barclaysg.com) ▼



## Welcome Our New Talent

Continental Stock Transfer & Trust is pleased to employ dedicated professionals to contribute value to our organization and ensure quality service to our customers. We welcomed the following team members throughout the second half of 2016.

- > Celeste E. Gonzalez, Accounting
- > Angela Napoletano, Operations
- > Richard E. Scott, Internal Audit
- > Narisha Tilhoo, Accounting
- > Tomyah C. Walker, Operations
- > Margaret Hall, Account Administration ▾

## Getting to know Michael Mullings

### Chief Compliance Officer & Corporate Secretary

Michael has been employed at Continental for over 25 years and is their Chief Compliance Officer, Chief AML/BSA Officer and Corporate Secretary. He is primarily responsible for overseeing and managing the establishment of standards and implementation of procedures to ensure that compliance programs adopted throughout the organization are effective and efficient in identifying, preventing, detecting and correcting non-compliance with applicable rules and regulations. Michael reports directly to the Company's President and is required to provide reasonable assurance to Senior Management and the Board of Directors that there are effective and efficient internal policies and procedures in place,

well understood and respected by all employees, and that the Company is complying with all regulatory requirements. These regulations include a commitment to fulfilling the AML obligations under the USA Patriot Act, the Bank Secrecy Act and all other rules and standards including SEC rules.

Michael also serves as a Senior Relationship Manager for some of Continental's most sensitive accounts and has responsibilities involving all aspects of legal restricted transfers, original issuances stemming from initial, secondary and follow-on public offerings, private placements, warrant exercises and employee benefit plans. He is also responsible for the review of all legal agreements where Continental is a party. Michael deals primarily with the executive officers and directors of our clients and their securities counsel and is frequently involved in discussions concerning the interpretation of SEC rules resulting in the opportunity to provide guidance relating to complicated issues with a commitment to finding solutions to complex problems.

Michael is currently a member of the Securities Transfer Association and holds a Master of Science degree from the New Jersey Institute of Technology. He is a resident of New Jersey and is married with two daughters with the eldest currently attending Rutgers University and the youngest a high school senior. He is an avid New York Mets and Knicks fan.

For information on Continental's management team, please review our website at:

[continentalstock.com/our-experts](http://continentalstock.com/our-experts). ▾

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“ Bruce thank you for the information. We appreciate you, Maribel and Luther helping us with this Shareholder Meeting. I truly mean it, they are awesome. We are new to all of this and they never hesitate to jump in and answer any questions. Your team is an important asset to our organization. You guys are the best! ”

Kathy A. Fahrback  
Equity Bancshares, Inc.

## 2016 New Transfer Agent Customers June Through December

- > Adgero Biopharmaceuticals Holdings, Inc. – NJ
- > Tampa Bay Banking Company – FL
- > Sajan, Inc. – WI
- > All American Oil & Gas, Inc. – TX
- > Golden Leaf Holdings Ltd. – Toronto, Ontario
- > North State Telecommunications Corporation – NC
- > Independence Energy Corp. – LA
- > Crownia Holdings Ltd. – Vancouver, B.C.
- > PAVmed Inc. – NY
- > CF Corp. – NY
- > Lancadia Holdings, Inc. – TX
- > HarborOne Bankcorp, Inc. – MA
- > M III Acquisition Corp. – NY
- > Conyers Park Acquisition Corp. – NY
- > Stellar Acquisition III Inc. – Greece
- > Saban Capital Acquisition Corp. – CA
- > Avista Healthcare Public Acquisition Corp. – NY
- > Hunter Maritime Acquisition Corp. – Marshall Islands

“ I want you to know that it was a pleasure working with Bernie Lloyd on Gencor’s stock dividend. This was Gencor’s first stock dividend. Bernie made the process smooth, walked me through what was needed, and kept me informed of the status throughout. ”

Eric Mellen | Chief Financial Officer  
Gencor Industries, Inc.





**At your side.  
On your side.  
You can trust  
Continental  
to be your  
partner.**

The relentless pursuit of excellence and innovative solutions have been our hallmark for more than 50 years.

We earn the trust of our customers each and every day. Be confident that as your partner, our mission is to bring you brilliant solutions, every time. Our individualized customer service will ease your mind while allowing you to build your business. Corporate actions, IPOs, public and private company record keeping, escrows or stock plan administrations — we are proven leaders in every arena.

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