

GOLDFIELD CORP  
Form DFAN14A  
June 08, 2001

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the  
Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  Filed by a Party  
other than  
the Registrant

Check the appropriate box:

Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only  
(as permitted by  
Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to ss.240.14a-12

THE GOLDFIELD CORPORATION  
(Name of Registrant as Specified In Its Charter)

eRaider.com Inc.  
(Name of Person(s) Filing Proxy Statement, if  
other  
than the Registrant)

Payment of Filing Fee (Check the appropriate  
box):  
 No fee required  
 Fee computed on table below per Exchange Act  
Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which  
transaction applies:

2) Aggregate number of securities to which  
transaction applies:

3) Per unit price or other underlying value of  
transaction  
computed  
pursuant to Exchange Act Rule 0-11 (set forth the  
amount on  
which the  
filing fee is calculated and state how it was  
determined)

4) Proposed maximum aggregate value of  
transaction:

5) Total fee paid:

Fee paid previously with preliminary  
materials.

Check box if any part of the fee is offset as  
provided

## Edgar Filing: GOLDFIELD CORP - Form DFAN14A

by Exchange Act  
Rule  
0-11(a) (2) and identify the filing for which the  
offsetting  
fee was paid previously. Identify the previous  
filing  
by registration statement number, or the Form or  
Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

Article appearing on Sage on-Line Investors and Multex and  
eRaider site.

New Math for Shareholders  
Vincent Van Gogh's Starry Night, a painting of the swirling  
night sky over  
Saint Remy, is among the most dramatic impressionist works  
of art. A few  
years ago, astronomers from UCLA's Griffith Observatory  
determined that the  
painting represented the pre-dawn sky of June 19, 1889. 112  
years later,  
June 19, 2001, will be a dramatic day for wired shareholder  
activists.  
There are three kinds of shareholders: Insiders,  
Institutions and  
Individuals. Insiders are corporate managers, board members  
and large  
shareholders who work closely with management. Institutions  
fall into two  
subtypes. Mutual funds, investment banks and most  
professional money  
managers want to keep corporate management happy because  
they want corporate  
business. Also they tend to have high portfolio turnover so  
it's not worth  
their while to work to improve companies, they'll probably  
sell the stock  
before their actions yield results. Pension funds, on the  
other hand, have  
no reason to kowtow to corporations and tend to have longer  
holding periods.  
Individuals also fall into two categories. Passive  
individuals often do not  
even know what stocks they own, and never know much about  
the companies.  
Generally someone else picks their stocks. They seldom vote  
at all in  
corporate election, and almost never vote against  
management. Active  
individuals know quite a lot about their companies and  
usually select their  
own stocks without broker or advisor.  
Traditionally the only way to force corporate change was to  
find a company

with large percentage ownership by active institutions or to buy a large block of stock yourself. Improved corporate defenses against the latter strategy (particularly poison pills) meant that institutions were the catalysts for improved corporate governance during the 1990s. This trend was accelerated as individual investors switched from owning stock directly to buying mutual funds. However, since 1995 the tide has been running in the opposite direction. It appears that individual stock ownership is increasing, although the rate is too slow to be sure. What is definitely true is that the demographics of individual ownership are shifting from passive to active. Many individuals who owned stocks in 1980 owned only one stock, or inherited their stock or were over 80. Virtually all bought through brokers or advisors. In 2001, individual stockholders are younger, better-educated, wealthier, hold more diversified portfolios and are more likely to research and buy their own stocks. Such shareholders are much more likely to vote for a dissident slate of directors or support shareholder resolutions opposed by management. The Internet has increased the power of individual shareholders in another way. Most of these younger, better-educated, wealthier stock researchers use the Internet to find and oversee their stocks, thus they can be reached cheaply. Five years ago it cost about \$5 to \$25 to get one individual shareholder vote, today a persuasive Internet appeal can sway hundreds or thousands of shareholders for nothing. At the same time, changes in securities law and technology have made it much easier for individuals to organize. For all of these improvements, no Internet group of individual shareholders has ever elected a director of a public corporation. Some alliances have come close. United Companies Financial shareholders were recognized as an official equity committee and given the exclusive right to propose a reorganization plan. Luby's Cafeteria shareholders filed a proxy solicitation with the SEC and management made many of their proposed changes in a successful effort to defeat the dissident nominees. Internet organization has become important for rallying support for shareholder

## Edgar Filing: GOLDFIELD CORP - Form DFAN14A

resolutions, or when institutional adversaries reach out for individual shareholder allies. But until someone proves that a pure Internet alliance of individual shareholders, without any institutional backing or support, can actually elect a slate of directors, individual shareholders will not be viewed as primary actors in corporate governance. My company eRaider.com Inc. was formed to rally individual shareholders on the Internet to improve shareholder value. Like any sensible people, we prefer the cheapest, easiest and least divisive ways to achieve our goals. Thus in our first four eRaids we used negotiation, email campaigns and shareholder proposals without having to resort to a proxy fight. But our fifth target company, Goldfield Corp. (AMEX: GV) proved resistant to milder tactics. So we filed a proxy statement with the SEC (a necessary step before soliciting votes from the public) and are running a dissident slate of directors at the annual meeting on June 19. Here is the basic math. It contains a lot of uncertainty and guesswork. I'm not trying to handicap the Goldfield election, just to show the key. Goldfield has 27.7 million shares of stock. I know of no institutional holders (public institutions have to file their holdings, as does any organization that owns more than 5 percent, but smaller investments by private hedge fund for example do not show up on available lists). I estimate management has about five million sewed up. I further think there are seven million additional shares held by active individuals on the Internet. I think we have contacted most of those people without spending any significant amount of money. The remaining 15.7 million shares I consider to be held by passive individuals. I expect only three to six million of them will vote. They are expensive to reach, and however much money we spent I would be surprised if even 10 percent of them (1.6 million shares) could be persuaded to vote against management. Therefore I plan to solicit some of the larger shareholders in this group, but for the most part I'm ceding it to the Company. In order to name at least one director, I think I need about 2.5 million of the seven million shares I estimate are held by active individuals on the

## Edgar Filing: GOLDFIELD CORP - Form DFAN14A

Internet. Whether I can get it is the key question, not just for Goldfield but for Internet shareholder activism. Can activists identify large blocs of shares on the Internet? Or will I find my seven million shares to be the product of active imaginations and practical jokers? Will Internet allies actually download, sign and mail proxies? Or will they flirt with dissidents but vote with management in the end? If I win one or more board seats it will be a dramatic development that will change a lot of thinking. Companies will have to ask how many shareholders are active and amenable to Internet solicitation. In many cases the answer will be large enough to affect corporate elections. Companies will have to court these shareholders, lawyers will have to design defenses against them. On the other hand, if I cannot get even one board seat, a lot of corporate incumbents will relax, secure in the belief that the Internet has once again been more hype than substance. As a finance professor, my main concern is that business considerations play a larger role in corporate elections. The trouble today is institutions with business and financial expertise are mostly passive, because they do a lot of corporate business, and active institutions like public pension funds do not have the staff or budget to do extensive in-house business analysis on their companies. This impairs the ability of corporate elections to enforce high standards of performance. The obvious solution is to grant more power to sophisticated and informed individual investors. The collective experience and wisdom of a company's shareholders is an important and little-used asset. So watch the election on June 19 at Goldfield Corp. for a pointer to the future of corporate governance.

eRaider is soliciting proxies for Goldfield's annual meeting on June 19, 2001. eRaider strongly advises all shareholders to read the proxy statement at <http://www.eraider.com/article.cfm?topicID=50&catID=158&articleID=647> or by emailing [info@eRaider.com](mailto:info@eRaider.com), or a free copy is available from: Privateer Asset Management  
POB 20170  
Park West Station  
NY, NY 10025