

PRESS RELEASE

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Proposed Shareholder Control Act of 2009 Passage Urged by Mentor Capital CEO to Avoid Repeat of Economic Crisis

SAN DIEGO, CA -- The following is an extension of remarks made by Mentor Capital, Inc. CEO, Chet Billingsley, in a DEX.TV interview on the future solutions to the economic crisis given on November 19, 2008.

Unfettered self-interest is at the core of the nation's regrettable economic circumstance. Politicians curried constituent favor by pressuring for non-economic lending. Executives increased personal reward by making outsized bets with corporate assets. Winnings were substantially pocketed by management, without reserve for the inevitable organizational risk.

The nexus of the problem is that the boards of directors did not intervene to prevent these overreaching missteps. It takes considerable *chutzpah* to lean in against the well-parsed wishes of a Chief Executive. It is not surprising that, with few laudatory exceptions, boards are not up to the task. The norm is that directors are recruited, nominated, compensated and loyal to the CEO first, and to shareholders second.

Congress and regulators have attempted to protect shareholders by requiring that certain types of directors be included on major public boards. We have seen that directing the fox to recruit his responsible friends to guard the hen house has not, and will not, bring us safety. Congress is likewise limited as a political animal that would find it impossible to manage by optimal economics alone. Fannie Mae, Freddie Mac, 80% labor cost at USPS vs. 40% at Fedex, a typical 30% toll for the troll, and the world-wide history of failed directed economies gives pause to any intelligent thought of government supervision, except by those egos eager to supervise.

Owners, on the other hand, are the one group that has sufficient vested interest to push back against any improper tide. Nothing quite focuses the wit and will like having a large sum of your own money on the line. The long-term solution to irresponsible risk taking with corporate assets, excessive executive compensation, insular boards, and a plethora of similar complaints is to align theory and practice. Make directors, and hence, boards, wholly answerable to the shareholders, through the nomination process. Simply put, require directors to be nominated by real person shareholders, and allow only one directorship per person or related group in any one company.

This does not seem like such a change, but it is a seismic shift. It will cause lesser CEOs to no longer be kings in their castle. It will need to be legislated, but can proceed without more than token cost. The legislation would be as follows:

The Shareholder Control Act of 2009

In order to promote better corporate responsiveness to shareholder interest, the nomination of directors for any public company for all board positions to be filled after July 1, 2009, shall be by the following process:

- 1) There shall be no fewer than three (3) directors,
- 2) For each director, two (2) nominations shall be required,
- 3) The largest shareholder may nominate one (1) director nominee, which may be themselves, if they are a natural person,
- 4) If not a natural person, the largest shareholder entity will direct the invitation to nominate to its largest natural person interest holder,
- 5) Any one natural person may only be the designee to nominate for one public company at a time from each such entity in #4 above,
- 6) When the first nominee for director is submitted, the second largest shareholder will be asked to nominate one (1) director by the procedure above, repeated until all nominations are filled,
- 7) No person, or group of economically related persons, may hold or be nominated for more than one (1) directorship at any one public company.

The proposed Shareholder Control Act of 2009, will shift control to owners, rather than reserving it to managers under the supervision of regulators. Real owners of assets don't take undo chances with their own money. Tapping this natural force of vested self-interest can and will prevent a repeat of the plethora of disastrous decisions that led to a wasting of untold economic value during these recent times.

We encourage Congress to pass the proposed Shareholder Control Act of 2009, immediately, to bolster confidence in the Nation's long-term commitment to private ownership.

Chet Billingsley is the CEO of Mentor Capital, Inc. (Symbol: MNTR) that invests in debt-free hedge funds and smaller companies. The Company's lead fund has outperformed the S&P by 15% during the year and has had no redemptions. MNTR has no exposure to the financial, sub-prime or real estate sectors. Information on the firm may be found at www.MentorCapital.com.

For further information contact:

Chet Billingsley, CEO
Mentor Capital, Inc.
P.O. Box 1709
Ramona, CA 92065
1(760) 788-4700

chet@mentorcapital.com