

Studies Show Activism Improves ValueBy [Damien J. Park](#)**RealMoney Contributor**3/16/2009 12:29 PM EDT <http://www.thestreet.com/p/rmoney/investing/10472573.html>

A recent article by two professors from New York University titled "Entrepreneurial Shareholder Activism: Hedge Funds and Other Private Investors" in February's *Journal of Finance* highlights that confrontational activist campaigns work.

Specifically, the two academics find that companies targeted by hedge funds earn an average 10.2% abnormal stock return during the period surrounding their investment disclosure with the SEC. Also, abnormal returns continue to increase by an additional 11.4% during the following year.

In addition, "What Matters in Corporate Governance," published in the February edition of *The Review of Financial Studies*, adds some empirical evidence to the theory that better governance leads to more value. By extension, shareholder activism to improve corporate governance increases investor returns.

If the findings in these two academic articles hold true, the current activist campaigns listed below are well worth examining further.

Current Activist Investor Campaigns

Target	Ticker	Activist	Ownership	Demand	Annual Meeting Date
LCA-Vision Inc.	LCAV	Stephen Joffe	12.0%	Elect 5 Directors	Consent Solicitation
Willshire Enterprises	WOC	Bulldog Investors	18.6%	Elect 5 Directors	March 24, 2009
Avigen	AVGN	Biotechnology Value Fund	30.0%	Special meeting to replace entire board	March 27, 2009
TM Entertainment & Media	TMI	Bulldog Investors	22.0%	Elect 4 Directors	April 14, 2009
CH Energy	CHG	GAMCO	8.1%	Elect 3 Directors	April 28, 2009
TomoTherapy	TOMO	Avalon Capital	4.8%	Elect 4 Directors	May 1, 2009
Trico Marine Services	TRMA	Kistefos AS	22.8%	Elect 2 Directors	May 1, 2009
Online Resources Group	ORCC	Tennenbaum Capital	21.9%	Elect 3 Directors	May 6, 2009
Mac-Gray	TUC	Fairview Capital	6.4%	Elect 2 Directors	May 8, 2009
Cavalier Homes	CAV	Legacy Housing Ltd	5.0%	Elect 3 Directors	May 19, 2009
Telephone & Data Systems	TDS	GAMCO	9.2%	Elect 3 Directors	May 21, 2009

Source: Hedge Fund Solutions

Please note that due to factors including low market capitalization and/or insufficient public float, we consider LCA-Vision, Willshire Enterprises, Avigen, TM Entertainment & Media, TomoTherapy, Trico Marine Services, Online Resources Group, Mac-Gray, Cavalier Homes and Bridgewater Systems to be small-cap stocks. You should be aware that such stocks are subject to more risk than stocks of larger companies, including greater volatility, lower liquidity and less publicly available information, and that postings such as this one can have an effect on their stock prices.

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Ted Wallace, Director of Research for The Altman Group, contributed to this article. At the time of publication, Park had a long position in TM Entertainment & Media.

Damien J. Park is president and CEO of Hedge Fund Solutions, a Philadelphia-based firm focused on issues relating to shareholder activism. He founded the company in 2003 and has become the trusted adviser numerous investors and CEOs around the world.

Park is often quoted in leading business publications, including The Wall Street Journal, Business Week, CFO Magazine, The Deal, CNN Money, The New York Times, The Nikkei and Newsweek Japan. He speaks at professional conferences and is the chairman of the Hedge Fund Activism and Shareholder Value Summit, the largest annual gathering of activist hedge funds in the world. Hedge Fund Solutions administers [The Official Activist Investing Blog](#); and also distributes a free in-depth weekly report analyzing recent activist investments.