

Supreme Court on CIRI

A unanimous Alaska Supreme Court said Friday that individual members of the board of directors of a Native regional corporation should have been allowed to intervene in a lawsuit concerning the use of proxy votes in a contested board election.

The issue arose in the case of B. Agnes Brown, et al. v. Cook Inlet Region, Inc. and Jerry Ward after the Cook Inlet Board decided not to appeal a court ruling which dismissed a case which sought to prevent Ward from voting certain proxies allegedly acquired on the basis of false or misleading material in proxy solicitations.

Members of the board who were among those directors to be displaced if Ward's proxies were ruled valid, claimed they had a right to intervene in the case as individuals in order to appeal the court's decision that

Ward's proxy should be counted. Their motion was denied and Anchorage Superior Court Judge Ralph Moody entered a judgment dismissing the suit on the grounds that the corporation had "failed to make a prima facie case on the issue as to whether the proxy solicitation material used by defendant Ward was false and/or misleading." The individual board members, who had voted that the corporation should appeal the ruling that the corporation's suit be dismissed, petitioned the Supreme Court to review Moody's ruling that they could not pursue the matter as individuals.

In reversing Moody's ruling, the Supreme Court, in an opinion written by Chief Justice Robert Boochever, pointed out that the petitioners clearly had no interest in the transaction since they would be elected as members of the board of directors

if the disputed proxies were not counted. "Denial of the petition as a practical matter will prevent them from protecting their interest," Boochever wrote. "Cook Inlet's decision not to appeal the dismissal effectively left the petitioners without adequate representation."