

Judge orders new Aleut Corp. election

By LONE E. JANSON

In a decision handed down on December 12th, Superior Court Judge Victor D. Carlson has ordered a new election for the Aleut Corporation. Citing a proxy solicitation letter of April 23, 1977 as "inaccurate, false and misleading," the judge ordered that a new election for the entire nine seats of the board of directors be held "without any interference by management or the support of a slate of officers." He also ordered that Aleut president Carl Moses be required to pay costs and attorney fees in the court case, costs which could amount to as much as

\$300,000.

Five "misleading" statements were cited by the judge:

— The implication in the letter that Matanuska Sand & Gravel, owned by the corporation, made money in 1976 when in fact the gravel operation lost money even without taking into account the cost of the lease.

— The purchase of a surplus military vessel for conversion, portraying it as a wise investment when in fact, as of the date of the letter there had been no appraisal of the vessel and no policy from the board for its use. "...as of the date of the letter it was impossible to know

the wisdom of the investment," said the judge.

— Inaccurate statement concerning the purchase and sale of a Fairbanks rental property, which involved the credit worthiness of the buyer and the value of a Kenai Peninsula property taken to cover payments which were in arrears.

— Hidden obligations and connections between the various properties bought and sold, the lack of proper appraisals and the

involvement of "present and future investments of large sums of corporate cash in order to release other claims on the properties."

— The claim that the corporation showed a profit for the half year ending December 31, 1976 "when in fact substantial losses went unrecognized and therefore unreported."

The judge found that the 200 proxies raised by the solicitation letter were sufficient to affect

the outcome of the election, and therefore the stockholders are entitled to a new election for the entire nine member board "with all proper safeguards and limitations." Mr. Moses is not precluded from running for the board in this new election.

The case began in mid-1977, shortly after the election held that year in which the board was trimmed from 15 to 9 members in order to save money on board meetings.