

Afognak shareholder files suit to halt merger

An Afognak village shareholder has filed suit to halt the planned merger between Koniag, Inc. and six of its villages, and a Superior Court Judge has granted the preliminary injunction:

Arnold Olson, a shareholder in Afognak Native Corporation, itself the result of a merger between Afognak and Port Lions, has charged that certain relevant facts were omitted, and others "misrepresented" in the proxy statements sent to shareholders.

The shareholders of six individual villages and of Koniag Inc. had voted overwhelmingly in favor of the merger in recent meetings and elections on the proposal. The merger proposal included a distribution of assets from village corporations agreeing to the merger to their shareholders.

Olson contends that such a distribution could be made by the village corporation without merger, and this fact, among others, should have been revealed in the notices to shareholders.

Olson also contends that Afognak's rich timber lands would be given up in such a merger.

The preliminary injunction halting the merger and setting aside the elections, was issued by Anchorage Superior Court Judge Mark Rowland, and requires a trial be held on the merits of the case.

The injunction is contingent upon Olson's posting of \$50,000 bond pending resolution of the case.