

Judge blocks Apple shareholder vote in lawsuit (Update)

February 22 2013



Customers and pedestrians walk in front of the Apple store at The Grove on January 23, 2013 in Los Angeles, California. A US federal judge blocked Friday an Apple shareholder vote in response to a hedge fund lawsuit that claimed the tech giant was improperly bundling questions on a ballot.

A US federal judge blocked Friday an Apple shareholder vote in response to a hedge fund lawsuit that claimed the tech giant was improperly bundling questions on a ballot.

The ruling was a win for hedge fund Greenlight Capital, which has been pressing Apple to give shareholders more of its huge cash stockpile.

The preliminary injunction ordered by Judge Richard Sullivan has no impact on Apple's distribution of cash but prevents a vote on a proposal supported by management to make it impossible for the Apple board to issue preferred stock without shareholder approval.

Greenlight has urged Apple to issue "perpetual preferred stock" at no cost to Apple's existing shareholders to get some of the company's \$137 billion cash stockpile to its stock owners.

The hedge fund alleged that Apple violated US securities policies by "bundling" the proposal on preferred stock with two other shareholder-friendly measures.

Doing so forces shareholders to accept or reject all three measures together, rather than separately, which Greenlight says violates a Securities and Exchange Commission rule.

Sullivan granted the injunction, saying that the lawsuit was "likely to succeed on the merits" and that the plaintiffs, which include Greenlight and another investor, "face irreparable harm" if the vote proceed.

But the judge denied a separate request for an advisory vote on the compensation of Apple's top executives.

Last week, Apple chief executive Tim Cook said the company was examining ways to distribute more cash to shareholders but claimed the litigation was "a silly sideshow."

"This is a waste of shareholder money," he said of the suit.

Cook said it was "an incredible privilege" to be in the position of deciding what to do with the company's \$137 billion cash stockpile, and maintained that Apple will do so "deliberately and thoughtfully."

But he maintained that the lawsuit was not about returning cash, but instead about "the right of shareholders" to authorize any special stock issue.

"Frankly, I find it bizarre that we would find ourselves being sued for doing something that's good for shareholders," he said, adding that the company would likely seek shareholder approval even if not required.

(c) 2013 AFP

Citation: Judge blocks Apple shareholder vote in lawsuit (Update) (2013, February 22) retrieved 27 April 2024 from <https://phys.org/news/2013-02-blocks-shareholder-vote-apple.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.