

Drugmaker Vivus settles with biggest shareholder

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(AP)—Obesity drugmaker Vivus has agreed to a settlement with its biggest shareholder, which has been fighting for greater control of the company. A long-time drug executive backed by the shareholder will become CEO and the board will be reconfigured.

First Manhattan Co.—which owns 9.9 percent of Vivus' outstanding stock—was waging a proxy fight with Vivus Inc. and said it was in position to win when Vivus adjourned voting on a slate of new directors.

The shareholder sued Vivus earlier this week, as it tried to stop the drugmaker and its representatives from soliciting proxies or votes for the company's annual shareholder meeting. The investment firm also wanted the court to certify disputed results of the election of Vivus' directors, and to stop the Mountain View, California, company's current directors from taking any further action on behalf of Vivus.

As part of the settlement, Anthony Zook—who previously worked at AstraZeneca and has the support of First Manhattan—is expected to be named Vivus' new CEO. Zook was president of MedImmune Inc. before MedImmune was acquired by AstraZeneca, and he was head of global commercial operations for AstraZeneca PLC until February.

Zook would succeed Leland Wilson, who has served as CEO and a director of Vivus since 1991. Wilson has agreed to serve as an adviser to help with the transition process.

Vivus' board will also expand from nine to 11 members. Four directors are resigning, and First Manhattan's six nominees will join the board. Among those resigning from the Vivus board are Charles Casamento Ernest Mario, Linda Shortliffe, Peter Tam and Wilson. First Manhattan's six nominees include Michael James Astrue, Samuel Colin, Alexander Denner, Johannes Kastelein, David York Norton and Herman Rosenman.

The lawsuit First Manhattan filed in the Court of Chancery in the State of Delaware was just the latest action in a dispute that started in March. First Manhattan had criticized Vivus over its weight loss drug Qsymia, saying that the launch was unsuccessful. It initially wanted to replace Vivus' entire board and said that Vivus should change its U.S. business strategy and work to get Qsymia approved in Europe.

Vivus adjourned its annual shareholders meeting Thursday. It expects to hold the meeting no later than 30 days from July 15.

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