



Harsh words for Agrium's board from Jana's Rosenstein

Description

It's widely known that **Agrium** (TSX:AGU,NYSE:AGU) was able to keep its board in tact at yesterday's proxy meeting. At the time however, this came as a big surprise to the hedge fund, Jana Partners that was the reason the vote took place in the first place.

Jana was vying for five board seats and as of last Friday, when voting was supposed to have closed, according to Managing Director Barry Rosenstein, at least 1 of its nominees had received the 59 million votes required for election. They were in, until they weren't.

When the votes were tallied Tuesday, two Jana nominees had received 53.2 million and 46.5 million votes respectively. That was as close as they'd come to the 59 million level.

Rosenstein seemingly had a meltdown worthy of my three year-old when he learned of the final results. His post-tally rant, some of which is provided below, should immediately be inducted into the sour grapes hall-of-fame.

The following is a selection from Rosenstein's rant:

I congratulate you. You are a Board that proved that if you play dirty enough, violate all precepts of good corporate governance, fair play, ethical behavior, and democracy, you can still lose the campaign but then barely manufacture a victory after the voting is supposed to be over.

You are a Board that condoned:

- *Lying about the shareholder support you had,*
- *Switching comparables that you came up with yourselves,*
- *Hiring a mercenary banker who previously argued against your corporate structure and then argued for it when paid by you,*
- *Buying back stock at an inflated price when you knew that an earnings miss was coming,*
- *Permitting your management team to threaten shareholders that they would all quit if we got on the Board, which is a violation of Canadian securities law regarding selective disclosure,*

- *Attacking me personally as “lucky”, a “pain in the ass” and “a New York hedge fund billionaire”, whatever that was meant to imply,*
- *Changing your proxy materials to falsely claim distribution experience on the board for members who never claimed it before,*
- *Surreptitiously moving up the voting date by a month and then, when you didn’t like the result, lobbying shareholders to change their votes after Friday’s voting deadline passed, and*
- *Bribing brokers and financial advisers for favorable votes.*

In an era of improved corporate governance, this is the worst example of entrenched, power-hungry at any cost behavior I have ever witnessed.

They say it takes a lifetime to build a reputation and just an instant to destroy it. I will leave it to you to decide what your reputation in the market is now.

The good news is that this tainted vote isn’t the end of the story.

Foolish Takeaway

Opinions vary on the 10 month Jana/Agrium skirmish with many just happy to put it in the rear view mirror. Think what you will, but during the skirmish Agrium significantly hiked its dividend and undertook the company’s first ever share buyback. Not a horrible outcome for shareholders.

Agrium required an activist to come in and stir the pot before it would give more back to its shareholders. We have identified 13 U.S. companies that need no such prompting. [Click here now](#) to access our special report “**13 High Yielding U.S. Stocks to Buy Today**”. You’ll be rolling in dividend cheques before you know it!

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Fool contributor Iain Butler does not own shares in any of the company’s mentioned. The Motley Fool has no positions in the stocks mentioned above.

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tmfohcanada

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