



Why Rogers (TSX:RCI.B) Stock Fell 6% on Monday

Description

Rogers Communications ([TSX:RCI.B](#))([NYSE:RCI](#)) shares fell 6% in early morning trading. The fall in Rogers stock came after an announcement that the battle for power would be moving to the courts.

What happened?

Rogers stock continued to fall, even after strong earnings last week, thanks to some drama within the company. The board of Rogers stock voted to remove Edward Rogers from the board — chairman of the board of directors and son of Ted Rogers.

Edward Rogers attempted to replace Chief Executive Officer Joe Natale with another executive, causing this uproar that is now headed to the B.C. Supreme court. Not only does it put him in a struggle for power, but it pits him against his sisters and mother — a drama you usually only see on *Succession*.

So what?

Ted Rogers's widow and her daughters came out in [support](#) of Joe Natale in a statement on Sunday, with them "and five fellow board directors" voting to remove Edward Rogers as chair last Thursday.

This statement was followed almost immediately on Sunday night by the board of directors. In it, the company stated it "appointed Mr. Edward Rogers as chairman of the board" on Friday. Further, the board expressed "disappointment" with others in the company resisting to recognize Edward Rogers, stating they were against section 180 of the *Business Corporations Act*.

Now, of course, the *real* problem isn't the family spat. It's that Edward Rogers controls the Rogers Control Trust, which controls the majority of Rogers stock — a full 97%. In a fairly bold move, he then removed the five directors who voted against him, replacing them with his own supports.

Now what?

While the issue goes to court, other Rogers stock members have stated this action wasn't valid. Only the board on Thursday, before the replacements, could be considered as valid. And in that light, he should be ousted from the position, calling the Friday meet a "pretend 'board meeting.'"

This all comes at a completely inopportune time (though when is it ever?), as Rogers stock looks to purchase **Shaw Communications** for \$20 billion. While everyone is on board with the [deal](#), this could spook investors in light of this recent family drama.

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