



Activist Wins Another Vote Under Universal Proxy

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Last week we saw only the second voting outcome in a proxy contest under the new universal proxy card (UPC) rule. The activist investor prevailed decisively, in an interesting and unusual election. UPC may have helped encourage the activist to pursue it, but likely did not affect the outcome.

Mangless and ZVRA

An individual investor, Daniel Mangless, owns 2.3% of Zevra Therapeutics (ZVRA), since 2019. Other than a few Form 13Gs for ZVRA and one other holding, the preliminary proxy statement for ZVRA was his first-ever SEC filing and, it appears, activist project.

He rather quietly nominated three candidates for three available seats on the seven-person classified BoD. ZVRA nominated the three incumbents, including the CEO and a director first appointed in November 2022. He also proposed reversing any bylaw amendments from 2023, which the ZVRA BoD could have approved but not disclosed to shareholders.

At the ASM last week, all three challengers won by a significant margin over the three incumbents. The bylaw amendment reversal also prevailed by a similar margin.

Quick contest

It started in mid-January, when Mangless met with ZVRA to review the nomination process and notice deadlines. Within a couple of days, ZVRA scheduled the ASM for April 25, presenting a challenge.

For six of the past seven years, ZVRA ran the ASM in late May or mid-June, including June 28, 2022. The date for the 2023 meeting moved more than 30 days before the anniversary of the 2022 meeting, Hence, the advance notice period became the 10 days ending January 30. Mangless sent proper notice within a week.

ZVRA swung into action:

- Proposed a couple of settlements in February, which Mangless declined
- Hired MorrowSodali to solicit proxies, budgeting \$600,000 plus expenses for the contest
- Sent twelve separate proxy filings in about two months, with all manner of presentations, shareholder letters, and other materials advocating for the three incumbents.

Mangless took a ... different approach. He filed one each of a preliminary, revised, and definitive proxy statement. He opened a simple Gmail account, lacked a contest website, and sent zero news releases. He hired a proxy solicitor that no one we know...

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