

# Universal Proxy Case Study – Individual Capitalizes on New Rules

On April 25, 2023, first-time activist and individual investor Daniel Mangless won three board seats at Zevra Therapeutics (~\$150M market cap company)

- ▶ Mangless owned 2% stake
- ▶ Nominated three candidates (against three incumbents up for election for company's classified board)
- ▶ Company had significant retail shareholder base that was active on social media (e.g., StockTwits) in expressing their discontent with the Board/management

## Activist mounted bare-bones campaign

- ▶ Other than filing a proxy statement, he sent just one shareholder letter (v. the company sent over a dozen, including investor decks)
- ▶ He estimated that he would incur \$250,000 in expenses (vs. \$600,000 by company)
- ▶ ISS and Glass Lewis did not support the activist, finding his campaign too thin on detail

## Activist candidates won overwhelmingly

- ▶ Activist candidates each secured nearly 80% of votes cast
- ▶ Quorum barely reached at 50.7%
- ▶ On May 8th, Company announced the CEO's resignation, a new Chair, and a search process for a new CEO and new Board members to replace two directors who will retire

“As the Mangless nominees were also included on the company's proxy card, **Mr. Mangless was able to deliver proxies to only larger holders and permitted smaller holders to vote for the Mangless nominees on the company's proxy card.** A strong retail stockholder base active on social media led to the overwhelming vote in favor of Mangless' nominees.”

— Press release from law firm advising activist