

CtW Investment Group Calls on Alpha Board to Rescind Massey Executive Job Offers

26.05.2011 | [PR Newswire](#)

WASHINGTON, May 26, 2011 /PRNewswire/ -- Today, the CtW Investment Group sent the following letter to the board of the Alpha Natural Resources

board calling for urgent action - including the rescinding of employment agreements with Massey Energy

executives - in response to the findings of the West Virginia Governor's Independent Investigation Panel on the causes of the Upper Big Branch mining disaster.

May 26, 2011

Mr. Michael Quillen, Chairman, Board of Directors
Alpha Natural Resources, Inc.
One Alpha Place
P.O. Box 2345
Abingdon, VA 24212

Dear Mr. Quillen:

In light of this week's scathing report regarding Massey Energy's Upper Big Branch (UBB) operations by the West Virginia Governor's Independent Investigation Panel (GIIP) -- and in advance of next week's shareholder meeting -- the CtW Investment Group, on behalf of shareholders of Alpha Natural Resources and Massey Energy, calls for the board to sever employment agreements with key Massey executives and managers and take immediate steps to fortify the independent oversight of safety, including appointing additional independent directors. Failure to take swift action could undercut the future of the combined entity to both sets of shareholders -- exposing the company to the same tragic lapses of safety, heightening the integration risks, and eroding any potential synergies. Ignoring the report's findings could also undermine one of the key benefits of the merger -- resetting Massey's acrimonious and increasingly burdensome relationship with its regulators -- and instead potentially taint Alpha with the worst elements of Massey.

The CtW Investment Group works with pension funds sponsored by unions affiliated with Change to Win, a coalition of unions representing five million members, to enhance long-term shareholder returns through active ownership. Members of CtW affiliates participate in Taft-Hartley plans with over \$200 billion in assets, including shares of both Massey and Alpha.

CtW Investment Group wrote to the Massey board prior to the UBB catastrophe arguing that board failure to exercise sufficient oversight over former CEO Don Blankenship exposes 'Massey and its shareholders to unnecessary legal, regulatory and reputational risks.' Subsequent to the accident, we worked with a coalition of institutional investors in a campaign against directors serving on Massey's safety committee. They were opposed by 48.5 to 49.8 percent of the shares voted at Massey's 2010 annual meeting. We believe this investor coalition ultimately caused the board to break with executives and led to the retirement of Blankenship.

As detailed in the enclosed analysis, which draws three key recommendations for minimizing integration risk, the GIIP describes a manner of 'profoundly reckless' operating at the UBB mine, the 'normalization of deviance,' and a 'corporate mentality that placed the drive to produce above worker 'safety.'(1) For Massey shareholders the concern is that the failure to purge the combined company of this toxic culture could lead to future exposures, whilst at the same time rewarding executives for failure. For Alpha investors, we worry that integration and cultural issues may have been underappreciated during the diligence process, which demands heightened board vigilance going forward. The key lesson of the Massey tragedy, applicable to

both shareholders, is the importance of independent oversight.

Accordingly, we call upon the board to:

- Rescind offers of employment agreements to Massey executives and managers responsible for underground coal operations. As detailed in the report, we are aware of five senior Massey executives who are slated to continue employment at Alpha.
- Appoint additional independent directors and ensure that going forward the safety committee is entirely independent (currently not the case).
- Immediately determine the actual state of legal compliance in Massey facilities, and create a culture of safety for the newly combined entity.
- Determine the liabilities that Massey's systematic non-compliance poses to Alpha's financial status (including any resulting reduction in the financial 'synergies' that were in part the basis for the board's approval of the merger).

For the reasons detailed in the attached analysis, we believe the board should take immediate steps to name new, independent directors to oversee efforts to assure immediate compliance with coal mine safety law in all facilities, beginning with the Massey mines, and provide them with the authority and responsibility to conduct the investigations and continuing oversight required to fix the problems at the Massey facilities. Only such highest-level authority is able to grapple with the cavalier approach to compliance which is evidently so deeply-ingrained in the Massey culture.

We further believe that shareholders must hear from the board what steps it intends to take to ensure the board's proper oversight of compliance functions at all Alpha and Massey coal mines, and to make such disclosure at the up-coming meeting.

We look forward to discussing with you the board's process and timeline for addressing shareholder concerns. Please contact my colleague Per Olstad at (202) 721-6027 to schedule a call or meeting at your convenience.

Sincerely,
William Patterson
Executive Director

(1) Upper Big Branch - The April 5, 2010, explosion: a failure of basic coal mine safety practices, Governor's Independent Investigation Panel, May 19, 2011

CtW Investment Group

CONTACT: Rosanna Weaver, +1-202-721-6034

Dieser Artikel stammt von Rohstoff-Welt.de

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/105056--CtW-Investment-Group-Calls-on-Alpha-Board-to-Rescind-Massey-Executive-Job-Offers.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).