

UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE

JOHN RYAN,

Plaintiff,

v.

ALASKA COMMUNICATIONS SYSTEMS
GROUP, INC., DAVID W. KARP, PETER D.
AQUINO, WAYNE BARR, JR., WILLIAM
H. BISHOP, BENJAMIN C. DUSTER, IV,
and SHELLY C. LOMBARD,

Defendants.

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) Case No. _____
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**COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff John Ryan (“Plaintiff”), by his undersigned attorneys, for this complaint against defendants, alleges upon personal knowledge with respect to himself, and upon information and belief based upon, inter alia, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. Plaintiff brings this action against Alaska Communications Systems Group, Inc. (“Alaska Communications” or the “Company”) and the members of its Board of Directors (the “Board” or the “Individual Defendants”) for their violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. §§ 78n(a), 78t(a), and U.S. Securities and Exchange Commission (“SEC”) Rule 14a-9, 17 C.F.R. § 240.14a-9. By the Action, Plaintiff seeks to enjoin the vote on a proposed transaction, pursuant to which Alaska Communications will be acquired by Project 8 Buyer, LLC (“Parent”), an affiliate of ATN International, Inc. (“ATN”), and Freedom 3 Investments IV, LP, a fund advised by Freedom 3 Capital LLC (“FC3”) (the “Proposed Transaction”).

2. On January 4, 2021, the Company announced it had entered into an Agreement and Plan of Merger dated December 31, 2020 (the “Merger Agreement”) to effect the Proposed Transaction, which is valued at approximately \$332 million. The Merger Agreement provides that each Alaska Communications stockholder is to receive \$3.40 in cash for each share of Company common stock they own (the “Merger Consideration”).

3. On February 9, 2021, the Company filed a Schedule 14A Definitive Proxy Statement (the “Proxy Statement”) with the SEC recommending that its stockholder approve the Proposed Transaction. In doing so, however, the Proxy Statement omits or misrepresents material information concerning numerous items, each critical to a stockholder deciding whether to approve the Proposed Transaction. Items omitted from or misrepresented in the Proxy Statement include: (i) the financial projections prepared by the Company management that were used in the valuation analyses ostensibly supporting the fairness opinion issued by the Company’s financial advisor, B. Riley Securities, Inc. (“B. Riley”); (ii) the background of the Proposed Transaction; and (iii) B. Riley’s potential conflicts of interest. Defendants authorized the issuance of the false and misleading Proxy Statement in violation of Sections 14(a) and 20(a) of the Exchange Act.

4. It is imperative that the material information omitted from the Proxy Statement is disclosed to the Company’s stockholders prior to the forthcoming stockholder vote so that they can properly exercise their corporate suffrage rights.

5. For these reasons and as set forth in detail herein, Plaintiff seeks to enjoin Defendants from taking any steps to consummate the Proposed Transaction unless and until the material information discussed below is disclosed to the Company’s stockholders or, in the event the Proposed Transaction is consummated, to recover damages resulting from the defendants’ violations of the Exchange Act.

JURISDICTION AND VENUE

6. This Court has subject matter jurisdiction pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331 (federal question jurisdiction) as Plaintiff alleges violations of Section 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9.

7. This Court has jurisdiction over the defendants because each defendant is either a corporation that conducts business in and maintains operations within this District or is an individual with sufficient minimum contacts with this District such that the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

8. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because defendants are found or are inhabitants or transact business in this District.

THE PARTIES

9. Plaintiff is and has been a continuous stockholder of Alaska Communications common stock at all times relevant hereto.

10. Defendant Alaska Communications is a Delaware corporation with principal executive offices located at 600 Telephone Avenue, Anchorage, Alaska 99503. The Company's common stock trades under the symbol "ALSK" on the NASDAQ Global Select Market. Alaska Communications is a fiber broadband and managed IT services provider that offers technology and service enabled customer solutions to business and wholesale customers in and out of Alaska. The Company also provides telecommunication services to consumers in the most populated communities throughout Alaska. The Company's network is among the most expansive in Alaska and forms the foundation of service to the Company's customers.

11. Defendant David W. Karp ("Karp") is Chairman of the Company's Board of Directors. Karp is a director of the Company and has been since 2011.

12. Defendant Peter D. Aquino (“Aquino”) is a director of the Company and has been since 2019.

13. Defendant Wayne Barr, Jr. (“Barr”) is a director of the Company and has been since 2018.

14. Defendant William H. Bishop (“Bishop”) is President and Chief Executive Officer of the Company. Barr is a director of the Company and has been since 2019.

15. Defendant Benjamin C. Duster, IV (“Duster”) is a director of the Company and has been since 2020.

16. Defendant Shelly C. Lombard (“Lombard”) is a director of the Company and has been since 2020.

17. Defendants identified in paragraphs 11-16 are referred to herein as the “Board” or the “Individual Defendants.”

18. Non-party ATN is a Delaware corporation with its principal executive offices located at 500 Cummings Center, Suite 2450, Beverly, MA 01915. ATN is a holding company that, directly and through its subsidiaries, owns and operates telecommunications businesses in North America, the Caribbean and Bermuda.

19. F3C is a Delaware limited liability company with principal executive offices located at 12 East 49th Street, 27th Floor, New York, NY 10017.

20. Parent is a Delaware limited liability company and affiliate of ATN.

21. Non-Party Merger Sub is a Delaware corporation and a wholly owned subsidiary of Alaska Communications.

SUBSTANTIVE ALLEGATIONS

The Proposed Transaction

22. On January 4, 2021, Alaska Communications announced the Proposed Transaction, stating in part:

ANCHORAGE, Alaska-- Jan. 4, 2021-- Alaska Communications Systems Group, Inc. (NASDAQ: ALSK) (“Alaska Communications” or the “Company”) announced today that on December 31, 2020 it entered into a definitive agreement pursuant to which the Company will be acquired by a newly formed entity owned by ATN International, Inc. (NASDAQ: ATNI) (“ATN”) and Freedom 3 Capital, LLC (“FC3”) in an all cash transaction valued at approximately \$332 million, including net debt. The merger will result in Alaska Communications becoming a consolidated, majority owned subsidiary of ATN and is expected to close in the second half of 2021. Alaska Communications’ prior agreement to be acquired by an affiliate of Macquarie Capital (“Macquarie”) and GCM Grosvenor (“GCM”), through its Labor Impact Fund, L.P., has been terminated.

Under the terms of the agreement, an affiliate of ATN will acquire all the outstanding shares of Alaska Communications common stock for \$3.40 per share in cash. This represents a premium of approximately 78% over the closing per share price of \$1.91 on November 2, 2020, the last trading day prior to the date when Alaska Communications’ original merger agreement with Macquarie and GCM was executed, a 70% premium to the 30-day volume weighted average price up to and including November 2, 2020 and a 4% premium to Macquarie and GCM’s prior binding agreement to acquire the Company.

The merger agreement follows the determination by the Alaska Communications Board of Directors, after consultation with its legal and financial advisors, that the ATN proposal constituted a “Superior Proposal” as defined in Alaska Communications’ previously announced merger agreement with Macquarie and GCM. Consistent with that determination and following the expiration of the negotiation period with Macquarie and GCM required under such agreement, Alaska Communications terminated that agreement. In connection with the termination, Alaska Communications paid Macquarie and GCM a \$6.8 million break-up fee.

David W. Karp, Chairman of the Alaska Communications Board of Directors, said, “Today’s announcement is the product of a comprehensive process that demonstrates what a strong business the team at Alaska Communications has built. The agreement with ATN is a great result for our stockholders, who will receive significant near-term value.”

Bill Bishop, President and Chief Executive Officer of Alaska Communications, stated, “This transaction represents an exciting opportunity to augment our market

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