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Three shareholders' file Hawaiian Air lawsuits

By **Susan Hooper**
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Three shareholders of Hawaiian Airlines filed class-action lawsuits in Hawai'i yesterday to stop the company's merger with Aloha Airlines, charging that Hawaiian's board of directors breached its duty to other shareholders in order to obtain "millions of dollars of personal benefits."

The lawsuits, virtually identical, were filed by shareholders Joseph J. MocarSKI, a Hawaiian Airlines pilot; Richard A. White; and Ted Moore.

Lawyers for Moore and White could not be reached for comment. All three plaintiffs are represented by the Honolulu firm of Furutani, Sato & Komatsubara.

MocarSKI, who is also a spokesman for Citizens for Competitive Air Travel, a group of Hawaiian Airlines employees opposed to the merger, said yesterday: "I can't comment for the other guys, but as far as I'm concerned, basically it's the same kind of suit that's already proceeding — a suit designed to protect all of the minority shareholders."

Last week, investment partnership Crandon Capital Partners filed a class-action suit against Hawaiian Airlines, charging that the merger gives a "financial windfall" to Hawaiian's majority shareholder, company chairman John Adams, at the expense of other shareholders. That lawsuit also seeks to halt the merger.

The lawsuits filed yesterday in state Circuit Court are on behalf of all holders of Hawaiian stockholders "who are being and will be harmed by defendants' actions ..."

Among other complaints, the lawsuits allege that, prior to the announcement of the merger, the Hawaiian board of directors authorized amendments of certain option grants and employment agreements to benefit the directors if a change of control of the company occurred before June 30, 2003.

In pursuing the merger, the lawsuits allege, the members of the board of directors breached their fiduciary duties to shareholders by "subverting" the interests of Hawaiian's public shareholders "in order to obtain millions of dollars of personal benefits ..."

As a result of the board's "self-dealing and divided loyalties, neither plaintiff nor the class will receive adequate or fair value for their Hawaiian common stock in the proposed merger," the lawsuits state.

Keoni Wagner, a spokesman for Hawaiian, said yesterday that company officials were not familiar with the suits and could not comment. A spokesman for TurnWorks, the Houston company that is putting together the merger, said TurnWorks officials also had not seen the lawsuit.

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It is not uncommon for shareholders of publicly traded companies to challenge mergers or acquisitions by filing suit in an effort to ensure shareholders get the best deal.

The planned merger between Hawaiian and Aloha, announced last month, has met with opposition in other quarters, including some consumers and the 26,000-member American Society of Travel Agents. The travel agents' group said the merger likely will lead to higher fares and poor service.

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