Investor steps up fight for Blockbuster board seat

The Associated Press

An activist investor stepped up his fight Thursday to get on the board of Blockbuster Inc. — and influence the struggling company's turnaround — by targeting a second director up for re-election whose seat he is seeking to take.

Gregory S. Meyer, who founded a DVD rental kiosk company in 2001 called DVDXpress, wants to replace Gary J. Fernandes on Blockbuster's board. In a Securities and Exchange Commission filing Thursday, Meyer said the value of Fernandes and another director, James W. Crystal, to the company were "unclear."

Meyer first sought to replace Crystal, according to an April regulatory filing. Last Friday, Blockbuster said Crystal would no longer stand for re-election. He will instead be replaced by Kathleen Dore, a seasoned cable TV executive.

In an appeal to shareholders Thursday, Meyer now seeks to replace Fernandes.

Blockbuster said it stands behind Fernandes, former vice chairman of Electronic Data Systems, now a unit of Hewlett-Packard Co.

The movie rental company said Fernandes has more valuable experience than Meyer. Fernandes has a long history as a senior executive and director of public companies, an area where Meyer is inexperienced, Blockbuster said.

"Meyer offers nothing constructive or helpful," the company said in a statement. "He repeats his overly simplistic observations which only demonstrate a lack of understanding about the complex challenges Blockbuster faces."

Meyer has said that Blockbuster's board "lacks sufficient expertise and alignment of interests with shareholders, which has led to a significant loss of shareholder value over the past several years."

Blockbuster has struggled as the popularity of Netflix Inc., which provides DVD rentals by mail and over the Internet, and DVD rental kiosk company Redbox have soared.

According to his filing, Meyer owns 620,000 shares of Blockbuster's Class A common shares, or about 0.44 percent.

A call to the number listed for Meyer in a letter to shareholders was not immediately returned.

Shares of Blockbuster, based in Dallas, rose by 5 cents, or 19 percent, to 33 cents in afternoon trading.

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