
Cleveland Cliffs holders reject Harbinger move to increase stake

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Cleveland Cliffs Inc shareholders voted against allowing hedge fund Harbinger Capital Partners to raise its stake in the iron ore company to as high as a third.

Harbinger said in a statement it was disappointed with the outcome of the vote. It said that "It believes Cliffs should "acknowledge the lack of shareholder support for the Alpha transaction and endeavor to explore all options for maximizing shareholder value."

Cleveland Cliffs asked its shareholders to vote against allowing Harbinger to boost its stake, saying the hedge fund would have too much control over the firm's strategy, and proxy advisory firms sided with the company.

Under Ohio law, Harbinger needed shareholder approval in order to increase its stake above 20%. As of August, Harbinger held about 15.57% of Cliffs' shares.

Harbinger, the largest shareholder in Cleveland-Cliffs, opposes Cleveland Cliffs' proposed takeover of Alpha Natural Resources, by saying it believes the Alpha deal is not in the best interest of shareholders. Cleveland-Cliffs shareholders have not yet voted on the Alpha Natural Resources deal.

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