

Graeme Roustan gives up fight for director's seat on Performance Sports Group's board

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An extraordinary week of charges and counter-charges ended Friday when controversial businessman Graeme Roustan gave up his fight for a seat on the board of directors of Performance Sports Group (PSG), which owns the Bauer brand of hockey equipment.

The PSG board of directors took the unusual step earlier this week of publicly releasing a letter to the company's shareholders signed by board chairman Bernard McDonell that called into question Roustan's qualifications to be a director. The letter asked shareholders to vote against Roustan as a director at the company's 2015 annual meeting on Oct. 14.

Roustan, who served as chairman of Bauer from 2008 to 2012, planned to nominate himself as a candidate for director at the annual meeting. He announced Friday he will not stand for election, but fired back at McDonell, saying the board chair made "unfounded personal attacks" and his opposition to Roustan threatens "the long-term value of the company."

McDonell appeared to have the support of all nine board members, including PSG chief executive officer Kevin Davis. Other prominent members of the board are Edmonton Oilers CEO Bob Nicholson and Larry Lucchino, president and CEO of the Boston Red Sox. The letter opposed Roustan in the strongest possible terms, and made accusations not often found in such letters to

shareholders.

McDonell and Davis are also at loggerheads with Roustan over PSG's business plan. The company, which traditionally sells its hockey, baseball (it owns the Easton brand) and other sports equipment in retail outlets owned by other companies, recently opened its first big-box hockey equipment store, called Own The Moment, in a Boston suburb. It plans to open more such stores in the U.S. and Canada, and expects this to increase its Bauer sales. Roustan has questioned this strategy.

Roustan became better known in 2012 after he resigned from Bauer and became the front man in a bid to build a 20,000-seat arena in Markham, Ont., in hopes of attracting an NHL expansion franchise. The plan failed when city councillors in the Toronto suburb, faced with NHL commissioner Gary Bettman's insistence an NHL team was unlikely to be granted, voted against putting any public money into the project.

The PSG letter acknowledged the trouble the falling Canadian dollar has caused the company, as the bulk of its hockey sales are in Canada. Its share price on the TSX (the company also trades on the NYSE) closed Thursday at \$16.44, down from \$25.99 one year ago. However, in trading Friday, the price jumped to \$18.56 on speculation that Roustan might launch a takeover bid.

In his statement released Friday, Roustan withdrew his candidacy for the board but slammed McDonell and called on him to resign. Some of the hard feelings may stem from Roustan's claim that he actually recommended Bauer install McDonell as chairman when he stepped down in 2012.

McDonell and Davis declined interviews. Roustan accused McDonell of dodging "tough questions."

Despite withdrawing from October's vote, Roustan said: "I believe that the board will now re-evaluate the retail expansion, take a closer look at the behaviour of the chairman, and make personal investments in Performance Sports Group's stock now that I have raised these issues, which is a complete victory for all shareholders."

Roustan said he owns a little more than 621,000 PSG shares, which is about 1.36 per cent of outstanding shares. One of his chief complaints is that he is being unfairly blocked from the board as a substantial shareholder while those opposing him have relatively little skin in the game.

According to the company's latest filings, McDonell owns just 6,650 shares; Davis owns 50,178 shares, most of which were purchased earlier this month amid a spate of insider buying by PSG executives.