

June 5, 1978

To Our Clients

Tender Offers

In most cases material misstatements or omissions in a tender offer are handled by an injunction which permits the offer to go forward after it has been corrected. In State Bank of Raritan Valley v. Chandler, Civ. No. 77-828 (D.N.J. May 25, 1978) the court found that a press release that disparaged the target (and which the court found to be manipulative in that it would depress the target's stock) by one of two compelling offerors violated Section 14(e) and warranted an absolute injunction against going forward with the offer for a period of 18 months. The court rejected the argument that 14(e) violations are not significant when there are competing offers because the shareholders will tender to the higher offer no matter what has been said about the target.

M. Lipton