

June 19, 1978

To Our Clients

Tender Offers

Kroeze v. Chloride Group Ltd., \_\_\_ F.2d \_\_\_ (5th Cir. May 11, 1978) is one of few cases to consider the contractual aspects of tender offers. First the court held that the offeror does offer in the contract sense and a binding contract is created when the shareholder accepts by tendering shares. Second the court held that the offeror may prescribe whatever conditions for acceptance it chooses and that the offeror may interpret strictly those conditions. The court said: "The offeror is the master of his offer. An offeror may prescribe as many conditions, terms or the like as he may wish, including but not limited to, the time, place and method of acceptance." Third, the court, without discussion, accepted the law of the state in which the depositary is located as the governing law.

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