

January 10, 1979

To Our Clients

Sale of Control at a Premium;  
Equal Opportunity Doctrine

While the courts without major exception continue to reject the equal opportunity doctrine, the assault on the proposition that a control block can be sold at a premium continues. In Zetlin v. Hanson Holdings, Inc., No. 3278 (N.Y. Sup. Ct., App. Div. 1st Dept. Oct. 31, 1978) a sale at twice market of a 44% control block was sustained against the claim of a 2% shareholder that he was entitled to equal opportunity to sell at a premium. However, the decision provoked a strong dissent and the case is now being appealed to the N.Y. Court of Appeals. Our position continues to be that sale of a control block at a premium can be accomplished in a carefully structured transaction, but it must be recognized that this is an area in which the law might change rapidly and dramatically.

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