

February 7, 1979

To Our Clients:

Freezeouts

The failure of the parent to give requested information to the shareholders of the subsidiary in connection with a freezeout cash merger which the shareholders alleged caused them to fail to seek an injunction against the freezeout at an allegedly unfair price states a Rule 10b-5 cause of action. Healey v. Catalyst Recovery of Penn., 488 BNA Sec. Reg. L. Rep. p A8 (W. D. Pa. January 17, 1979).

This case is a further illustration of the desirability of doing freezeouts with a full proxy solicitation and full disclosure even in cases where not strictly necessary to comply with applicable law.

M. Lipton