

February 20, 1979

To Our Clients

Takeovers

In Washington Steel Corp. v. TW Corp., Civ. No. 79-166 (W.D. Pa. Feb. 16, 1979) the court enjoined Chemical Bank from financing a tender offer for a target with which Chemical had a banking relationship pursuant to which Chemical had received confidential information as to the target's future plans. The court found that the confidential information was material to the decision to make the takeover loan and rejected the contention that there was an effective Chinese Wall. The decision contains a very strong condemnation of a bank making a loan to finance the takeover of a client of the bank as to which the bank has confidential information.

The decision is being appealed.

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