

March 30, 1981

To Our Clients

Tender Offers-Foreign Financing for Foreign Raiders

Kaufman and Broad, Inc. v. Belzberg, CCH Fed. Sec. L. Rep. ¶ 97,893 (S.D.N.Y. March 12, 1981) interprets Regulation X as not applicable to a foreign person's borrowings from a foreign bank for the purpose of buying margin securities. The court specifically held that a minority holding by U.S. persons in a foreign corporation is not by itself sufficient to bring the foreign corporation within Regulation X -- such a minority interest is not the equivalent of a "substantial direct or indirect beneficial interest" in margin securities that would make Regulation X applicable.

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