

April 4, 1983

To Our Clients:

Takeovers - Creepers, Bust-Ups and 16(b)

The decision in Heublein, Inc. v. General Cinema Corp., CCH Fed. Sec. L. Rep. ¶ 99,119 (S.D.N.Y. Mar. 9., 1983) is another boost for bust-ups. General Cinema crept to 20% of Heublein. Heublein merged with white knight Reynolds. General Cinema made \$74 million profit on its 20%. \$30 million of the profit was within the 6 months, short-swing profit period of § 16(b). The court held that a white knight merger to escape a creeper is not within § 16(b) and the creeper can keep all the profit.

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