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To Our Clients

Rape and Pillage in the Corporate Takeover Jungle

This year has witnessed the demise of the few remaining restraints on corporate raiders. They have been let loose to take over and bust up American corporations at will.

A raider can now commence a tender offer without financing or even a commitment for financing.

Junk bonds appear not subject to the margin rules. They apparently can be sold by shell corporation acquisition vehicles in unlimited amounts.

It is no longer necessary to even make a tender offer. A raider can grab control through open-market purchases.

There are no restrictions on front-end-loaded two-tier takeovers.

There are no antitrust restraints. Even the Hart-Scott-Rodino notification procedure is riddled with loopholes.

Corporate raiders, institutional investors and takeover speculators frequently band together and threaten or conduct a proxy fight to force a takeover.

There appears to be little prospect of meaningful federal or state legislation. The SEC is actively promoting takeovers and attacking the few remaining takeover defenses.

These developments have produced a dramatic increase in takeover activity this year and it is still increasing.

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