

News

BCLP PARTNER IN 'AGENDA' ON THE RISKS OF SETTling WITH ACTIVISTS TOO QUICKLY

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BCLP NY Partner Kenneth Henderson was quoted May 9 by *Agenda* (subscription required) concerning boards' decisions to settle with activists too soon, such as Twitter, and the repercussions as a result. "Do companies and boards agree too quickly to settle? The answer is probably yes," Ken said. Generally, companies enter settlement agreements with activists hoping to avoid a proxy fight or when the board is "facing a likely loss" in a proxy fight, he noted. "Proxy fights can be pretty knock-down, drag-out and get dirty," he said. It's important for boards to maintain constructive relationships with their major stockholders as the best way to deter activists. "The No. 1 issue is having a good relationship with your shareholders and be open to engaging with them, otherwise you will be wide open to activists," he added.

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