Jerry Silk Discusses Private Equity Trends and Impact on Shareholders on CNBC's Power Lunch

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BLB&G Partner Jerry Silk was featured on CNBC's *Power Lunch* program, during which he discussed several recent private equity deals that have short-changed the pockets of shareholders and the general question of whether private equity buyouts are good for investors. According to Mr. Silk, management and directors have the "paramount obligation…[of getting] the best price for shareholders" when considering private equity buyouts, and failure to do so is a blatant breach of their fiduciary duty to maximize shareholder value.

Mr. Silk argued that private equity firms sometimes "entic[e] management with riches" in order to ensure their buyout offer goes through. This, in turn, can create conflicts of interest at the board and management level and compromise the process of getting the best price for the shareholders of the companies involved. Citing *In re Ceridian Shareholder Litigation* as an example, Mr. Silk points out that Ceridian directors and executive officers were promised approximately $50 million in "change in control" payments as part of their definitive merger agreement with Thomas H. Lee Partners, LP ("THL") and Fidelity National Financial, Inc. ("Fidelity"). Among several other allegations, the defendants are also accused of including a $165 million termination fee in order to deter and preclude any competitive alternatives to the deal with THL and Fidelity.

Mr. Silk closed by saying that if there is going to be a take over of a public company, "it has to maximize shareholder value, and the people that are running that process and conducting that auction have to be free of conflicts and have to make sure they're doing their fiduciary [duties]."