

SEC Charges Perry Capital with Disclosure Violations in Connection with Alleged Vote Buying

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Five years ago, it was reported that hedge fund Perry Capital had purchased shares of Mylan Laboratories allegedly to influence the shareholder vote in Mylan's pending takeover of King Pharmaceuticals while entering into total return swaps that eliminated Perry's economic risk of owning a large portion of the shares it owned. The SEC criticized the strategy as "vote buying" because the combined share and swap position gave Perry voting rights but no equity risk. Last week, Perry agreed to pay a \$150,000 penalty to settle SEC charges that it failed to disclose its purchases on a timely basis pursuant to Section 13(d) of the Exchange Act.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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