

**To:** Denove Inc.

**From:** Rockwall Analytics

**Subject:** Project Reno

**Date:** December 6, 2020

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### **The Transaction**

Provide urgent advice to the client's board regarding the emergence of a new bidder in the transaction

### *Additional Information*

One of Denove's long-time shareholders, Rajdanto Equity LLC (Rajdanto), is also considering making a proposal to acquire Denove, and may team up with another private equity firm, Amiko Holdings, LLC (Amiko), to do so. Rajdanto currently holds 25% of Denove's outstanding common stock, and has held those shares for five years. Amiko currently holds no securities of Denove

Private equity firms are specialized funds that raise external capital (from investors) and then invest those funds into assets and companies. Private equity funds focus on improving the operations and management of the companies (or assets) they acquire, enabling them to (ideally) sell the company (or asset) at a profit

Denove's board of directors are pleased with this potential new bid as they hope the competition between bidders maximizes shareholder value on any potential exit. However, there is concern whether Rajdanto is an 'interested shareholder' for the purpose of Section 203 of the Delaware General Corporation Law. One of Denove's board members (who is an advisor herself) sends Samira the following email:

### **Abstract**

Hi Samira,

As you may have heard, one of our major shareholders, Rajdanto, has expressed an intention to launch a takeover offer for Denove Inc. in a joint bid with a private equity fund (Amiko). While this is great for the company, given Rajdanto's current holdings, are there any concerns or issues with it making a proposal under Delaware law that we should be aware of (either independently or with Amiko)? Recall that we do not currently have a waiver of DE Section 203 under Denove's organizational documents

Best regards,  
Rachel

## OUR TASK

Rachel forwards Samira the client's email with the following cover email:

### **Abstract**

*Hi Samira*

Can you please read the email I received from one of Denove's directors and prepare a memo response from me? Ideally, we should try to keep the response fairly high-level, but focused on trying to give us practical advice as to what the issues are, and what their options are to address them

You'll need to review [DE Sec. 203](#) when considering drafting your response

*Many thanks  
Rachel*