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Sotheby's Is Hit With Its Fourth Shareholder Lawsuit in a Month Over Its Acquisition Deal With Patrick Drahi

The shareholder claims the proposed \$3.7 billion acquisition violates SEC rules.

Eileen Kinsella, August 6, 2019



Patrick Drahi, president of French telecom group Altice at the Ecole Polytechnique. Photo by Christophe Morin/IP3/Getty Images.

A fourth class-action lawsuit has been filed against Sotheby's auction house following news of its \$3.7 billion acquisition agreement with Patrick Drahi, an art collector and telecom magnate who plans to acquire the auction house through his entity BidFair.

A Sotheby's shareholder named Phillip Stevens filed the lawsuit on August 1 and makes nearly identical claims as the three previous suits, namely that the information contained in a July 12 proxy statement included incomplete information about the lead-up to the Drahi deal.

"In order to convince Sotheby's shareholders to vote in favor of the Proposed Transaction, the Board authorized the filing of a materially incomplete and misleading" proxy statement, according to Stevens's complaint, which goes on to allege that this constitutes violations of Securities and Exchange Commission laws. "While touting the fairness of the Merger Consideration to the Company's shareholders in the Proxy, Defendants have failed to disclose certain material information that is necessary for shareholders to properly assess the fairness of the Proposed Transaction."

Attorneys for Stevens did not respond to a request for comment.

Sotheby's reiterated its previous statement on the earlier lawsuits: "As the vast majority of all public company mergers over \$100 million are the subject of shareholder litigation, the lawsuits filed were expected and routine. We do not expect the suits to have any impact on our targeted closing timing of the fourth quarter of this year."

The first two lawsuits were brought by Shiva Stein and Eli Goffmna in New York last month. Another shareholder, Michael Kent, filed suit in federal court in Delaware.

Like the other lawsuits, Stevens's complaint, filed in US District Court for the Southern District of New York, names Sotheby's and a dozen executives and board members, including CEO Tad Smith and board chair Domenico de Sole, as defendants.