

The (Billion) Dollar Saga Continues as Dollar General Goes Hostile

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For some time now, a most interesting and intriguing saga relating to corporate mergers have been taking place in the “dollar” retail industry, where Dollar General and Dollar Tree are each seeking to acquire holdings in Family Dollar.

Having previously [declined Dollar General's bid based on antitrust concerns](#) (while some argue that the true reason was a conflict of interest of Family Dollar's board of directors), the plot has now thickened. General Dollar, in an attempt to improve its bid and lift any antitrust concerns, submitted its [third](#) amicable bid where it consented to close up to 1,500 of its stores in order to [avoid any anti-trust related exposure](#), in addition to agreeing to a \$500 Million reverse termination fee. General Dollar has therefore pulled the rug under Family Dollar’s main argument relating to its rejection of the Dollar General bid.

Realizing that Family Dollar's board would [not accept their bids](#) (though higher than [Dollar Tree's bid](#) and now without any antitrust concerns), [as predicted](#), General Dollar initiated a [hostile takeover attempt](#). In a securities filing issued by Family Dollar's board, the board has responded to such hostile bid by urging Family Dollar's shareholders to [ignore General Dollar’s hostile takeover](#), claiming that Dollar General’s proposal was a mere distraction of Family Dollar’s shareholders and not truly designated to consummate a transaction between Dollar General and Family Dollar.

It seems that Family Dollar’s action has only added to the current internal turmoil among Family Dollar’s shareholders and Board members (and among the Board members themselves). Notably, Ed Garden, a major investor and a member of the Family Dollar Board, [has shared his opinion regarding Dollar General's 3rd bid](#), stating his belief that Dollar General’s proposal to close up stores would probably satisfy any anti-trust related matters indeed.

Now the ball is on the shareholders’ end of the field, as they are required to determine whether the new General Dollar bid, incorporating new terms to reduce potential anti-trust related exposure while yielding a higher payday, should be preferred over the original Dollar Tree proposal. This dilemma, however, extends well beyond economic value, since, in light of the latest developments, Family Dollar’s shareholders' decision shall also determine whether to put their trust on their Board, or on their rivals who have noted October 8 as the expiry deadline of their offer.