

*United States Senate*  
COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS  
WASHINGTON, DC 20510-6075

February 12, 1987

Mr. Joseph E. Ross  
Director  
Congressional Research Service  
Library of Congress  
Washington, D.C. 20540

Dear Mr. Ross:

The Senate Banking Committee is conducting a series of hearings on the general subject of the need for reform of the procedures, practices and financing of hostile takeovers as well as on the effects of these activities on the economy and international competitiveness.

The years 1985 and 1986 were very active ones in the hostile takeover area and we need more information regarding exactly what transpired. As a result I would like the Congressional Research Service of the Library of Congress to prepare for the Committee a list of hostile takeovers that occurred during the last two years together with an indication of the size and amounts of money spent in these deals and the fees collected by investment banking firms in connection with these takeovers.

Over four years ago, on October 4, 1982, the New York Times published a story entitled "Merger Advisors Under Fire". The article highlighted the fees paid to certain investment banks in one particular deal -- the Bendix takeover battle. According to the newspaper account, in this one takeover matter alone, First Boston Corporation collected between \$6-8 million in fees, Lehman Brothers \$5-6 million, Salomon Brothers \$3 million, Kidder Peabody \$750,000 and Lazard Freres \$700,000. In the same story Felix Rohatyn gave his opinion that the entire affair had cast a shadow over the investment banking community. He is quoted as saying: "There's a general perception that investment banks' fees are too high and that they don't earn them. That opinion is so widespread that the investment banking community had better pay attention to it, or someone will pay attention for us."

One of the many issues that we will be examining during our hearings on hostile corporate takeovers is whether or not investment bankers, in some instances promote "raids". I am interested for instance in whether or not investment bankers and Wall Street have become dependent on these deals. Therefore, at some point we should get information on the percentage of certain firms revenues and profits which result from hostile takeovers.

For the time being however I am interested in receiving as much information as I can regarding the fees investment bankers have received for as many of the recent past hostile

takeovers as possible. If attorney and public relations fees are available, I would appreciate them as well.

I would appreciate this information in time for our March 4, 1987 hearing. If that turns out to be too tight a schedule then I would like it no later than March 27th, so that the information is available for the Committee's April 8, 1987 hearing.

Thank you for your assistance in this matter.

Sincerely,

William Proxmire  
Chairman