

Keep the “*Beware Advantage*” or Not”.

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Background

Roberta Sanchez is attorney and CPA who grew up with 3 sisters and two brothers in a lower income tough neighborhood whose father drove a delivery truck and mother worked for minimum wages as a salesperson at Immu & Nity, the iconic national department store chain and a public company listed on the NYSE. Much of Roberta’s childhood was spent reading and studying in the break room at Immu & Nity until her mother finished her day at work. Roberta is quintessentially self-made having risen to a senior partner by 2004 in a major New York law firm whose clients were Fortune 100 companies.

In 2025 Challenge Capital, a private equity fund, introduced Roberta to billionaire investor Jeff Bucks, who had recently purchased a controlling interest in Immu & Nity.

Jeff probed Roberta and liked her quick wit and brilliant approach to solutions, resulting in his making an offer to Roberta of an appointment to the Immu & Nity Board of Directors as an independent director.

What Roberta did Next

- Roberta started some preliminary research and did not have to look far. The Wall Street Journal and the Financial Times were replete with the goings on at Immu & Nity. Here is what Roberta learned.
 - Immu & Nity was solvent but having some financial and logistical supply issues which have been difficult to overcome resulting in the current Immu & Nity Board considering a liquidation of all its assets or sale of the company.
 - Immu & Nity’s Board had formed a 3-person Special Committee which included all three of the Company’s independent directors. The Special Committee was to work with Cirie, Colby & Coach, a popular and well liked wall street investment banking firm to determine the better of the two options.
 - Jeff made an offer to the Special Committee to buy Immu & Nity. The Special Committee gave the offer a cold reception and openly indicated it preferred the liquidation option based on the substantially higher return to shareholders as determined by Cirie, Colby & Coach.

- Jeff did not buy into the liquidation valuation and openly shared his opinion publicly that it was “pie in sky”, that no liquidation could reasonably be expected to generate 100% of the cost of the assets being sold and such a transaction could never be realized. Jeff, was quoted as saying, “Cirie, Colby & Coach must be living on a deserted island to think that could happen.”
- Jeff, not wanting Immu & Nity to be snuffed out, used his control position to execute a “Saturday Night Special” by removing two of the three independent directors from the Board and the Special Committee and cause the Company to amend its by-laws to include a poison pill which would prevent the Board from approving a liquidation. All this incurred in a compressed timeframe and before a Board vote could be scheduled to approve the expected a liquidation recommendation from the Special Committee which was expected to occur within the week.

The Company Begins to Feel the Back Lash of Jeff’s actions

The Company’s CEO, Rupert Cochran, called his team together to evaluate options. He quickly realized that if he is adverse to Jeff and does not create a working solution to go forward, Jeff would torch him in a heartbeat and send him on a long and isolated exile. Rupert encountered the below issues and realized he is faced with a challenge he just may not be able to win.

- Immu & Nity’s lender, SeeBS Bank, as a result of the shake up on the Board, expressed concern over the direction of the Company and is evaluating its option to place the Company in cash dominion.
- Rupert and many members of the Board have been receiving on-going communications from shareholders some of which were institutional investors demanding the Company be liquidated and if it is sold at a lesser value than estimated by Cirie, Colby & Coach, a class action lawsuit would be filed and everybody in the Company will be pleading their case to a jury.
- The Company public accountants, Marc, Burn and Nett, contacted Rupert and expressed concern that the Chairman of the Company’s Audit Committee was one of the directors removed and that they believed there were no other directors who were qualified to fill that role. Even though Marc, Burn and Nett has always issued clean opinions to Immu & Nity, their position was firm, that the situation must be resolved quickly and that they want notice of any communication with the Securities & Exchange Commission and NYSE.
- The Company’s Chief Human Resources Officer set a meeting with Rupert and informed him they no longer have a full Compensation Committee as two of its three members were the two independent directors that were removed by Jeff.

Roberta’s Potential Conflicts

Roberta had specific concerns as to whether there are any potential conflict of interest which would impair her role as an independent director. These included the following:

- In 2012 Roberta went out on her own and started her own law firm, Sanchez Law. Challenge Capital, a client at her former firm, retained Sanchez Law as counsel in a corporate matter with the engagement lasting two weeks.
- Later in 2012 Challenge Capital contacted Roberta and asked her if she would be interested in being a member of the board of directors of one of its privately held portfolio companies. Roberta accepted the role and in connection with her acceptance she terminated her firm's legal engagement with Challenge Capital. Roberta never represented Challenge Capital as counsel again. Roberta was clear with Challenge Capital, she would always continue to maintain her seasoned practice at Sanchez Law, which had developed a substantial profitable book of business and her role as its Managing Partner.
- Roberta subsequently over the years was appointed to many more boards by Challenge Capital. Roberta never held an equity position or options in any company on whose board she served and only received compensation that was deemed "at market".
- At the time Jeff offered the board position to Roberta in 2025, Roberta was an active board member and audit committee chair of one of Challenge Capital's large cap portfolio companies. Challenge Capital held a minority position in that company and Roberta's appointment was jointly made by Challenge and three other private equity firms, none of whom were ever clients of Sanchez Law or Roberta's prior law firm.
- Challenge Capital was the lender of the funds that enabled Jeff Bucks to purchase many of Jeff's other portfolio companies and most of those amounts remain current and outstanding.

Roberta's Decision

What additional due diligence should Roberta conduct prior to making her decision to accept or reject the offer of a board seat at this iconic company?

If Roberta is inclined to accept the appointment what are some conditions she should require, if any?

Roberta's Motivation?

As you craft your answers above decide if you would put back the Beware Advantage or open it with all accompanied risks but with a desire and motivation that Roberta may have, *to have made it from the "break room" to the "board room"*?

