

# A Transactional Pop Quiz<sup>©</sup>

**20<sup>TH</sup> ANNUAL  
MERGERS AND ACQUISITIONS  
INSTITUTE**

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October 11, 2024



Continuing  
Legal Education

Warm-Up  
When is the Last Time You Thought  
About Usury?

## Random Usury Question

- A series of \$35,000 convertible notes are issued by a public company that have a stated rate of 8% per annum, and a maturity date of one year.
- The notes provide each holder the option, at any time after 180 days from the date the notes are was issued, to convert all or any portion of their notes into the public company's stock at 65% of the lowest trading price of that stock for the preceding 20 days.
- The notes are governed by New York law.
- Several holders of the notes seek to convert the notes based on the stated conversion price, and the public company refuses to convert the notes at the stated conversion ratio and claims the notes are usurious based on the stated 8% rate and the value of the conversion option.

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First appeared as part of the conference materials for the  
20<sup>th</sup> Annual Mergers and Acquisitions Institute session  
"Pop Quiz With Glenn West"