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Tyco Sends us Loco!



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Dealing with North American shareholdings can leave non-US based estate practitioners scratching their heads. Whilst happily attending to the administration of an estate, you may find a statement among the estate papers with a US address. Interesting, you think, I wonder what the requirements will be to attend to this asset.

You merrily call the “Transfer Agent” (the US equivalent of share registrars) and discuss with them what they need from you to get the death formally registered. By the end of the call, you feel like you need to have a lie down. You’ve been introduced to a world of “[Medallion Signature Guarantees](#)”, “W-8BENs”, “Affidavits of Domicile” and the terms have been thrown at you assuming that you know what they all mean!

Your eyes roll even further when you later find out that, due to various corporate actions, the one holding of US stocks that you have discovered could now be represented by shares in numerous companies and the complex administration process will have to be repeated multiple times.

This is, unfortunately, a common predicament that estate practitioners find themselves in. The misery suffered is probably felt the greatest by those who encounter Tyco shares.

If you happen to stumble across a Tyco share certificate or statement, you may find that instead of having to attend to one shareholding of US shares, you could in fact potentially be attending to six shareholdings, but do not be surprised if you hear many more company names mentioned before you get to the bottom of what is actually now held!

What you may find even more frustrating is that the new spin-offs and various companies are not all being dealt with by the same Transfer Agent. You will therefore find yourself being passed from one company to another while you try to determine just what it is that you are meant to be dealing with.

If you have discovered this page as you find yourself in this very predicament, hopefully I can offer some guidance to try to assist in making sense of it all. So pop the kettle on, place a wet towel on your forehead and let us try to make sense of this mess!

Historically Tyco had a reputation of achieving growth through aggressive acquisitions – a trend it adopted with vigour in the 1970s and continued right up until the 2000s. For example, during just one decade, it acquired

more than 1,000 other companies between 1991 and 2001.

The early 2000s witnessed many scandals and lawsuits in the Tyco headquarters and in 2007 the company was split into three new companies: Tyco International, Covidien and Tyco Electricity (later TE Connectivity).

By 2012, it was decided that it was time to split Tyco International once again. This resulted in spin-off companies: Pentair and ADT. So at this stage, a shareholder in old Tyco would have shares in Tyco International, Covidien, TE Connectivity, Pentair and ADT.

Next came the turn of Covidien to have a little shake-up by spinning-off Mallinckrodt Pharmaceuticals in 2013. If you are still following, that is one more company to add to the list. Things didn't stay this way for long with Covidien, who in 2014 were acquired by Medtronic. Covidien shares were delisted and new shares in Medtronic were issued to shareholders.

It would seem that none of these companies ever likes to stand still and 2016 witnessed more changes, with Tyco International merging with JCI Controls to create Johnsons Controls International. Tyco International shares were delisted and shareholders received shares in the newly merged company. This merger was followed very swiftly with yet another spin-off, this time creating a company called Adient plc and shareholders of Johnsons Controls International received some shares in this new company.

Are you still with me? The end is now in sight!

In 2016, it was ADT's turn to have its moment in the spotlight, when it was announced that an affiliate of private equity firm Apollo Global Management would be acquiring ADT and merging it with Protection 1, which the company had acquired along with Maryland-based ASG Security in 2015. This acquisition was completed in May 2016 and shareholders of ADT received a cash payment for their shares and no new shares were issued.

You may be thinking, why has there been the need for so many changes? Well, many of the changes that have occurred have been down to "corporate inversions" which are mergers in which a U.S. company moves its legal incorporation offshore in order to save taxes.

At present, the above represents all the changes in terms of shareholdings for anyone who had Tyco shares and who kept all the new shares they received. I am sure it will not be the end of the story. In the future, there may be further stock splits, spin-offs and acquisitions related to these shares. In addition, there have been numerous other acquisitions and deals with all of these companies, but this article is only concentrating on those that have resulted in new shares, or a change to the shares that Tyco shareholders would have experienced.

In summary, if you are dealing with an estate where the deceased was a shareholder of Tyco, you might expect the estate now to be entitled to shares in the following: Johnson Controls International, Medtronic, TE Connectivity, Pentair, Mallinckrodt Pharmaceuticals and Adient plc. There may also be cash entitlements to collect in relation to any of the acquisitions, plus the buy-out of ADT.

Hopefully, this note clarifies the succession of entities that have followed from owning shares in Tyco. However, it is important to note the following: Not all new shares were issued on a 1:1 basis, many also included cash entitlements and, just to really rub salt into the wound, if you happen to find an old Tyco shareholding among some estate papers, you may just have found some “pre-split” Tyco shares. The administration of these involves many stages, including ensuring that any spin-offs or entitlements are dealt with by the Transfer Agents once you have converted the old Tyco shares to newer ones. Unfortunately, on the pre-split shares, not all the spin-offs will have necessarily gone through automatically.

One further issue to be aware of is that for US shareholdings, it is very important to determine what shares were held by the deceased at the date of death, so that you can clarify if the combined value of the shares exceeded the [Internal Revenue Service](#) (IRS) federal tax limit, meaning that a tax return will have to be lodged and a clearance certificate obtained from the IRS before you can attend to the administration of the shares.

In short, dealing with Tyco shareholdings in an estate can be a logistical nightmare. Should you require assistance in attending to Tyco or other US shares contained in an estate, we would be delighted to assist and please contact the [International Solicitors](#) who can advise you on the services that we offer.