

Charter Communications, Inc.

COURT: Delaware Court of Chancery
CASE NUMBER: C.A. No. 11418-VCG
CASE LEADERS: Gregory V. Varallo
CASE TEAM: Andrew Blumberg, Thomas James

This stockholder derivative action challenged side-transactions that were entered into between Charter Communications, Inc. (“Charter”) and its largest stockholder, Liberty Broadband Corporation (“Liberty”), in connection with Charter’s acquisitions of (i) Time Warner Cable Inc. and (ii) Bright House Networks, LLC. The gravamen of the action was that Liberty and its appointees to the Charter Board—including Defendants Gregory Maffei and John Malone—used their power as a large Charter stockholder to cause Charter to sell its stock in the *pro forma* company at unfairly low prices.

On August 21, 2015, Plaintiff Sciabacucchi filed his complaint in the Delaware Court of Chancery. On April 22, 2016, Sciabacucchi filed an amended complaint. After briefing and oral argument, in separate orders dated May 31, 2017 and July 26, 2018, the Court granted in part and denied in part Defendants’ motions to dismiss the first amended complaint. Over the course of the next year, Sciabacucchi served more than a dozen requests for production and third-party subpoenas.

On November 13, 2019, the Court granted a stipulated proposed order joining our client, Hialeah Employees’ Retirement System (“Hialeah”), as a named plaintiff. In the fall of 2020, Plaintiffs received and reviewed more than 145,000 documents and conducted twenty-one fact depositions. Defendants deposed Sciabacucchi and Hialeah.

In the first quarter of 2021, the parties exchanged expert reports. During that same period, Plaintiffs moved for leave to file a second amended complaint to revive claims that Liberty was Charter’s controlling stockholder or, in the alternative, that Liberty aided and abetted Maffei and Malone’s breaches of duty. The Court denied Plaintiffs’ motion to assert a claim against Liberty as a controlling stockholder but granted Plaintiffs’ motion to assert an aiding and abetting claim against Liberty.

On October 29, 2021, Defendants moved for summary judgment. On May 2, 2022, the Court denied Defendants’ summary judgment motions. In October 2022, Plaintiffs moved *in limine* to exclude portions of Defendants’ experts’ reports and the parties filed pre-trial briefs. Trial was scheduled to commence on February 6, 2023.

Throughout the nearly eight-year litigation, the parties’ counsel participated in three full-day mediation sessions. Each session ended without an agreement being reached. On January 27, 2023, after extensive arm’s-length negotiations, the parties reached an agreement-in-principle to settle the action for \$87.5 million. On March 3, 2023, the parties filed a Stipulation and Agreement of Settlement, Compromise, and Release memorializing their agreement. The settlement hearing is scheduled for June 22, 2023 at 11 a.m.

Case Documents

- April 18, 2023 - Scheduling Order
- March 3, 2023 - Stipulation and Agreement of Settlement, Compromise, and Release
- November 29, 2022 - Defendant Liberty Broadband Corporation's Pre-Trial Brief

- November 29, 2022 - Director Defendants' Pre-Trial Brief
- November 29, 2022 - Plaintiffs' Pretrial Brief
- September 3, 2021 - Second Amended Complaint
- Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear