

In re MINDBODY, Inc. Stockholders Litigation

COURT: Delaware Court of Chancery
CASE NUMBER: 2019-0442-KSJM
CASE LEADERS: Jeroen van Kwawegen, Gregory V. Varallo, Christopher J. Orrico
CASE TEAM: Andrew Blumberg, Rebecca L. Reyhani

In February 2019, Vista Equity Partners (“Vista”) acquired Mindbody, Inc. (“Mindbody” or the “Company”) for \$36.50 per share (the “Merger”). In connection to the Merger, large investors in Mindbody engaged BLB&G to pursue appraisal and breach of fiduciary duty claims.

Specifically, on April 17, 2019, BLB&G filed petitions for appraisal on behalf of Luxor Capital Partners, LP, Luxor Capital Partners Offshore Master Fund, LP, Luxor Wavefront, LP, and Lugard Road Capital Master Fund, LP (“Luxor”) and Blue Mountain Credit Alternatives Master Fund L.P., BlueMountain Logan Opportunities Master Fund L.P., BlueMountain Foinaven Master Fund L.P., BlueMountain Fursan Fund L.P., and BlueMountain Kicking Horse Fund L.P. (“BlueMountain”).

On June 12, 2019, BLB&G also filed a verified class action complaint in Delaware Court of Chancery on behalf of Luxor and all other similarly situated former stockholders of Mindbody against Richard Stollmeyer (Mindbody’s Founder, Chairman, and CEO), Brett White (Mindbody’s CFO), and Eric Liaw (constituency director for venture capital firm IVP) in connection to the Merger

Luxor and BlueMountain, which owned 18.9 % of Mindbody’s outstanding common stock prior to the Merger, allege that the Merger is unfair and undervalues Mindbody stock because the transaction was tainted by Mindbody’s directors’ and officers’ self-interest. Specifically, Stollmeyer and White favored Vista in a sale because it would allow management to achieve cash liquidity, exit the public markets, continue to run and obtain significant upside in the post-Merger Company. The Merger also allowed IVP, a large investor in Mindbody and of which Liaw is a General Partner, to exit its Mindbody investment by its investment horizon timeline.

On October 2, 2019, the Court consolidated the appraisal and fiduciary duty actions, appointed Luxor as lead plaintiff in the fiduciary action, and appointed BLB&G as co-lead counsel.

On February 20, 2020 Plaintiffs filed the Amended Complaint. On March 12, 2020 Defendants’ filed a motion to dismiss the Amended Complaint. On October 2, 2020, the Court denied defendants’ motion to dismiss, in part, holding the lead plaintiff had succeeded in pleading a claim for breach of fiduciary duty against Stollmeyer and White, thereby allowing lead plaintiff to continue the claims against two of the three Mindbody officers.

BLB&G continues to vigorously prosecute this action.

Case Documents

- October 2, 2020 - Memorandum Opinion
- February 27, 2020 - First Amended Verified Consolidated Class Action Complaint
- April 17, 2019 - Verified Petition for Appraisal