

Fire and Police Retiree Health Care Fund, San Antonio v. Smith (Sinclair Broadcast Group, Inc.)

COURT: United States District Court for the District of Maryland
CASE NUMBER: 1:18-cv-03670-CCB
CASE LEADERS: Jeroen van Kwawegen
CASE TEAM: Thomas James

On November 29, 2018, BLB&G filed a verified stockholder derivative complaint (the “Complaint”) in the United States District Court for the District of Maryland on behalf of nominal defendant Sinclair Broadcast Group, Inc. (“Sinclair” or the “Company”), and Plaintiff Fire and Police Retiree Health Care Fund, San Antonio.

This is a derivative action that seeks to hold the Board – in particularly the Smith brothers who are the controlling stockholders of Sinclair – accountable for their actions in connection with the failed merger transaction between Sinclair and Tribune Media Company (“Tribune”) that has resulted in billions of dollars of losses for Sinclair and its stockholders. As alleged in the complaint, the Smith brothers and the cronies on the Board breached their duties of care, loyalty, and good faith by, among other things, (i) engaging in self-dealing transactions for the benefit of the Smith brothers in violation of FCC rules, and (ii) knowingly misrepresenting and omitting material facts to the FCC in applications submitted to the federal government when seeking regulatory approval of the merger transaction. As a result of these breaches of duty, the Company has lost a highly accretive merger transaction, faces numerous lawsuits seeking over \$1 billion in damages, and is exposed to concrete future harm relating to the renewal and acquisition of additional FCC licenses given its failure to deal candidly with the FCC.

On April 30, 2019 Defendants filed a motion to dismiss the complaint. On May 14, 2019 Plaintiffs filed their opposition to the motion to dismiss.

On November 07, 2019 the Honorable Catherine C. Blake heard oral argument and later denied Defendants motion to dismiss on December 9, 2019.

During the late Winter and Spring of 2020, the Parties engaged in mediation and settlement negotiations to resolve the Consolidated Action. On July 23, 2020, Plaintiffs’ Motion for Preliminary Approval of Settlement was filed and later approved on August 6, 2020. The settlement was approved by the court on October 27, 2020.

Copies of the Settlement Stipulation, Notice, Preliminary Approval Order, and the Proposed Final Order can be found on the Case Documents tab on the right-hand side of the page.

Case Documents

- August 10, 2020 - Court Approved Notice to Stockholders
- August 6, 2020 - Preliminary Approval Order
- August 6, 2020 - Proposed Final Order
- July 20, 2020 - Settlement Stipulation
- December 9, 2019 - Memorandum

- May 14, 2019 - Memorandum in Opposition to Defendants' Motion to Dismiss or, in the Alternative, for a Stay
- September 29, 2018 - Verified Stockholder Derivative Complaint