

In Re CVR Refining, LP Unitholder Litigation

COURT: Delaware Court of Chancery
CASE NUMBER: 2019-0062-KSJM
JUDGE: Vice Chancellor Kathaleen St. J. McCormick
CASE CONTACTS: Mark Lebovitch, David Wales, Thomas James

This stockholder class action seeks damages for minority unitholders who were forced out at an unfair price by the controlling entities of CVR Refining, L.P. (the “Partnership”). On March 15, 2019, BLB&G, and its co-counsel, filed the class action complaint. [Here is a link to the Complaint](#). On April 4, 2019, BLB&G was appointed co-lead counsel in the case, and its client was appointed lead plaintiff. [Here is a link to the leadership order](#).

The class action complaint alleges that beginning in early-2018, entities controlled by Carl Icahn engaged in a multi-step scheme to buy-out the minority unitholders of the Partnership at an unfair price. Following the playbook earlier established in a similar buyout of an unrelated entity, Boardwalk Pipeline Partners, L.P. (“Boardwalk”), CVR Energy, Inc., the Partnership’s indirect parent, launched a partial exchange offer for the Partnership’s common units in May 2018. After the exchange offer closed, Icahn-affiliated entities including CVR Energy controlled enough of the Partnership’s common units to exercise the right to buy out the Partnership’s minority unitholders under the Partnership Agreement (the “Call Right”).

Rather than immediately exercising the Call Right, which would have required the Icahn-affiliated entities to pay the price paid for any units within the previous ninety days (i.e., the exchange offer price), the Icahn-affiliated entities publicly disclaimed any intention to exercise the Call Right. As occurred with respect to the Boardwalk buyout, the Partnership’s unit price plummeted, allowing CVR Energy to wait over ninety days to announce its intention to (and ultimately) buy out the Partnership’s minority unitholders at a steep discount. Had CVR Energy exercised the Call Right at the exchange offer price, it would have had to pay an additional \$393 million to the minority unitholders.

Plaintiffs commenced this action on behalf of minority unitholders immediately after CVR Energy exercised the Call Right, asserting claims for breach of the Partnership Agreement, breach of the implied covenant of good faith and fair dealing as to the Partnership Agreement, and tortious interference with the Partnership Agreement. After briefing and a hearing on the Defendants’ motions to dismiss, on January 31, 2020, Vice Chancellor McCormick substantially denied Defendants’ motion to dismiss, leaving the primary Defendants and the primary claims in the case. [Here is a link to the memorandum decision](#).

Plaintiffs have commenced discovery and will vigorously prosecute this action.